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Management for Agricultural Marketing Firms



BY GEORGE S. ABSHIER AND ROBERT D. DAHLE

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RESERVE

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Why Study Management

SECTION I

CHAPTER I

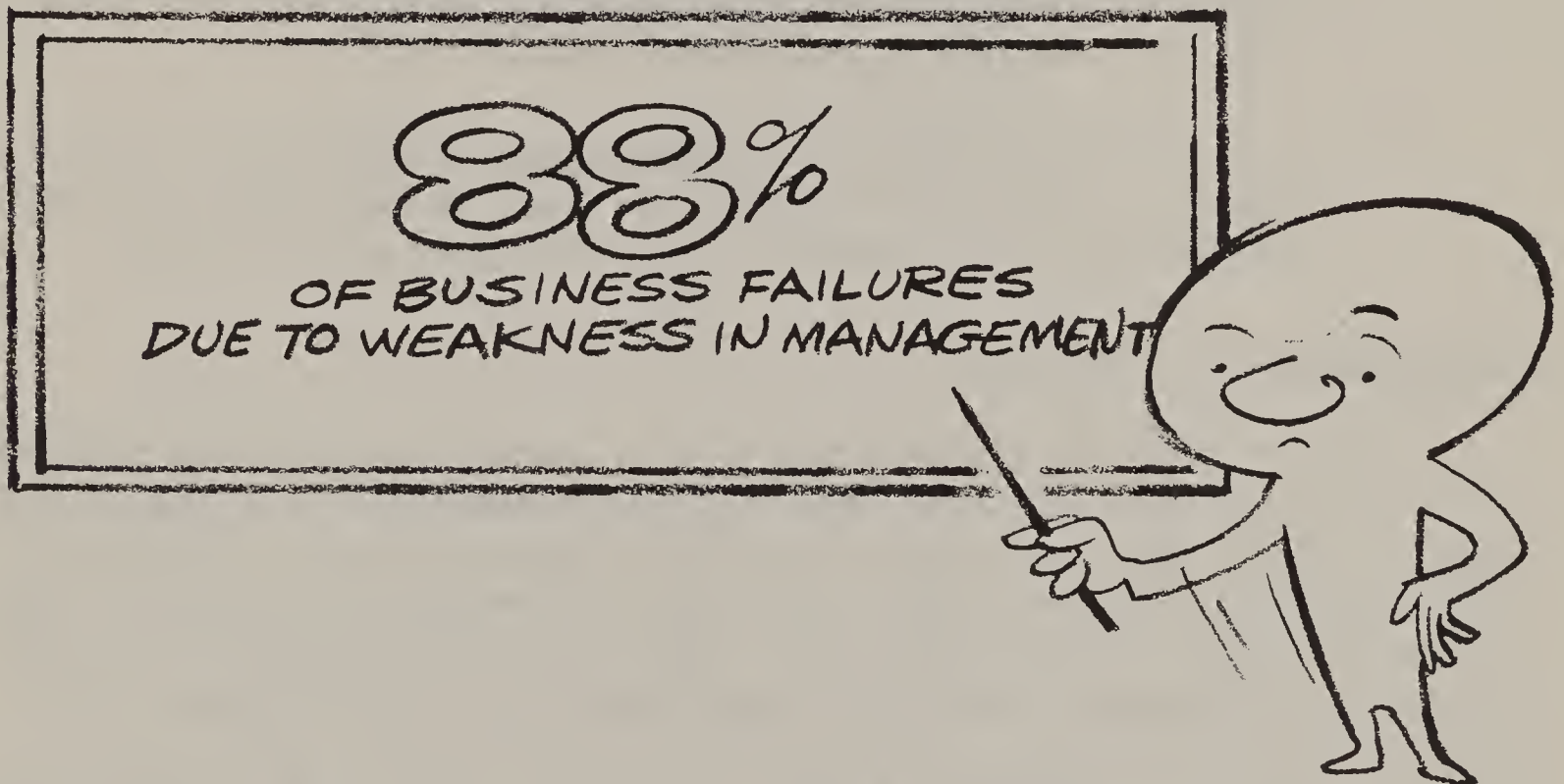
Chapter I

WHY STUDY MANAGEMENT

The Importance of Management

As business has grown and become less centralized, top management has not been able to exercise the close supervision of the business which was possible when the business was small and centralized. Managers can no longer afford to be "Johnny-on-the-spot" to put out fires as they arise.

Dunn and Bradstreet indicate that their analysis attributes 88 per cent of business failures to weaknesses in management. An International Harvester Company executive said recently that "Management is the only



unique feature which any business firm can expect to have which no competitor can exactly copy or duplicate." Although it is true that management differs from firm to firm because of personnel, type of firm, and internal firm organization, there are certain basic skills of management which are applicable to any firm.

The need for sufficient competent management personnel is probably the most important limiting factor in the process of growth and expansion of business enterprises in the United States.

There are several reasons why management is more important today than it has been in the past.

1. The operation of business is much more complex than it was a decade ago. Restrictions, governmental regulations, and rapidly changing economic conditions have made the job more difficult.
2. There has been a change in the concept of the relationship between society and business management. Management is conceived more and more as being in the role of trustees administering the resources of society.
3. Management is becoming a body of systematic subject matter which approaches a science more than an art. As this systematization takes place, more emphasis will be placed on the need for learning the subject matter.
4. Businesses are increasing the number of executives to cope with changes in the complexity of their operations. Studies indicate that about three times as many executives are required to operate a business today as in 1900.
5. As a result of the above changes, there is a scarcity of good managers, which necessitates the continuous preparation and development of all engaged in the managing at any level.

Management Development

By looking at the changes which have caused management to become more important over time, we begin to see management as a skill and art, which is bigger than the sum total of the technical business skills and differs from all of these skills. Planning the business, both in the long and the short run, organizing, directing, and coordinating the work of others, providing motivation and leadership to get the work done and controlling the operation of the business toward definite objectives, requires more than technical skills -- it is the essence of sound management.

Management development long ago passed out of the "experimental stages" into full acceptance as a means to obtain competent qualified management personnel. Management can meet and has met the challenge too, providing qualified management personnel through the development of the capacities of the personnel already within the business, rather than by waiting for qualified personnel to be released from jobs in other businesses, or to be trained by the educational institutions.

Management Principles Are Not Unique

Someone has said that the loneliest person in the world is the

manager. This statement arises from the feeling on the part of many managers that the problems which they have are experienced by them alone. No one can be further from the truth than managers who hold this viewpoint. The progressive manager rids himself of this viewpoint as a first step toward attaining success as a manager.



Managers existed centuries before we were born and will continue to exist centuries after we are gone. These managers have had and will continue to have problems much the same as we have today. Time did not stand still for them, as it does not stand still for us, and will not stand still for those who come after us. It flows on like a stream and we can learn much from studying the mistakes which others have made before us. Various institutions have served men for years -- military, social, religious, and governmental -- and from them has come a history which is rich in the experience of management. Because the institutions were composed of groups of people and served other groups of people, it is reasonable to conclude that they had to be managed and that they can provide us with some invaluable managerial lessons.

From the experience of the military, we have learned lessons concerning the size of the group which one man can handle. Military leaders found that it led to ineffective performance if one superior was assigned responsibility for more than six to ten subordinates. Excessive spans of control may reduce the overhead cost attributable to executives, but will have detrimental effects on the organization, the subordinates, and on the executive himself.

Budgetary controls have been used by governmental divisions and we, as managers, have much to learn from their experience with these

controls. Although most businesses use budgetary controls as gauges of their progress and efficiency, many do not use budgets in planning for the future. In addition to using budgetary controls, most modern governments face problems of over-centralization and are developing methods and procedures to overcome some of the drawbacks of largeness and centralization. Because governments usually face these problems before business, we can borrow from their experience to increase our ability to cope with similar problems.

The principle of compulsory staff advice originated in certain religious orders many years ago. In these orders the head of the order has the final voice and authority; but in the case of all major decisions, he is required to listen to the opinions and arguments of his immediate subordinates. Although he need not follow their advice, he must call them in and listen to them. Here is a definite control which permits strong leadership but inhibits willful, inconsiderate and unconsidered judgments.

Thus, we see that managerial problems are similar from one organization to another. The manager who is willing to learn must be willing to take into consideration the experiences of those before him. The principles and techniques of management which are used today are not the ideas of one man; they are the experience of many men, in many areas, over many generations.

There is still a great challenge to the manager, even when the past experiences of others are taken into account. Management involves people and as yet we know very, very little about people. We, as managers, must be students always, for only through reading the biographies of leaders in all fields, in discussion with other managers, in the use of research to discover underlying causal relations, and through the study of managerial literature can we meet this challenge. Through these efforts we not only benefit ourselves but continue to add material to the stream of managerial knowledge so that our successors can do a better job of management than we did.



The Modern Concept of Management

SECTION I
CHAPTER II

Chapter II

THE MODERN CONCEPT OF MANAGEMENT

An organization - any organization of people, whether economic, political, religious, or military - is simply a group of people working toward the attainment of common objectives. They believe that these common objectives can be more successfully attained when they work together as a group, rather than as individuals. However, human groups do not work together automatically. To obtain these common objectives the group needs the coordinating force of leadership.

How does this human leader work? What traits and talents does he possess? Too often, executive leadership is considered to mean proficiency in such fields as producing, selling, operating the accounting system, engineering, and so on. That is to say, the best salesman presumably ought to be the best sales manager, or the best office clerk ought to be the best office manager. Unfortunately, this theory of progression seldom works out in practice. The best engineer, to use him as an example, should he be appointed manager, soon finds out that there is a vast difference - and to him a surprising and inexplicable one - between being able to work effectively himself, and getting others to work as effectively as he did.

In other words, we look for a pattern of executive requirements beyond the technical skills of the jobs. To be sure a manager, such as an athletic coach, must know the technicalities of the game, but no matter how proficient he may still be as a player, he can't succeed as a coach by playing in place of his players. Instead, he must manage those players so that their playing efforts will win the game.

The same holds true of managers everywhere - they are supposed to be specialists in managing others, not necessarily in being able to do the work of their subordinates. Unfortunately, too many "managers" know more about how to do the work of their subordinates than they do about managing. As a consequence, they are forever concentrating on work details rather than upon management. The ultimate result is that they neither contribute to the success of their company to the degree that they could, nor find satisfaction in their managerial positions. They hold, but don't fill, managerial positions.

A New Kind Of Manager Needed

The manager of today must be different from the typical manager of yesterday.

Recently the president of an old and very successful company decided he wanted to retire before he reached 65. During his long

administration the company had never been in the red. From the viewpoint of the balance sheet and the operating statement, the company seemed well managed and the president deserved a lion's share of the credit for the financial soundness and high reputation of the company in the industry. A quick survey showed, however, that the president couldn't retire for several years.

The policies were not clearly understood by the operating executives - they were closely guarded secrets of a top few. The operating executives had no adequate guides to make decisions in the often recurring operating situations. They merely knew that they had better ask the president when they were not absolutely certain.

The organizational structure was uncharted. When a chart was drawn of how the organization functioned, it was evident that there were many places where responsibility and authority overlapped. Men had learned not to ask for definiteness of responsibility, but merely to stand up quietly under abuse for not doing what management expected. They knew they might get blamed, but not fired, so they took it, even though they didn't like it. Teamwork was an order from "on high". But the techniques of teamwork were not provided. Men conformed and complied with unanticipated and conflicting directions, but didn't dare to take initiative in solving the situations which occasioned these orders. The example of working together by the top group violated most of the principles of good teamwork. As a consequence of this type of management, no one had been developed who could take the president's place, even though a number of men possessed the inherent capacities, the technical knowledge of operations and adequate experience.

The president, by sheer force of ingenuity and hard work, had maintained an enterprise which made money but did not build men - nor did it provide for continuity if he faded from the picture.

The president was rather typical of the old type entrepreneur - the one-man organization. He was not a modern manager. The manager who is adequate for today's job of management must be quite different because the job of management is in the midst of change. He must think differently; he must be aware of new factors in the socio-economic situation in which he operates. He must even choose new values and redefine the objectives of his enterprise, and finally he must act differently towards his employees and even his associates. Today's modern manager is not the old-fashioned boss of yesterday. He has to modernize and streamline his thinking, his judgment, his purpose and his actions.

The qualifications for today's and tomorrow's manager are changing. Ten years ago when a manager was being selected, 90 to 95 per

cent of the qualifications had to do with technical knowledge, his ability to hold down costs and make money immediately, and the evidence of successful experience in a particular type of operation for which he was being considered. Down at the bottom of the written specifications might be a general statement regarding his ability to get along with people, and an assurance of no major scandal in his personal history.

Today 50 per cent or more of the specifications have to do with the ability to plan, organize, motivate, build morale and teamwork, maintain coordination and control, establish good public relations, and build for continuity. These are requirements over and beyond technical specializations.

Managerial specifications lay increasing emphasis on the modern manager's ability to get results through others, which is the very essence of being a manager.

Basic Qualifications for Management

The term "management" is used in two ways in business. Sometimes it refers to people - those who are responsible for running the business. Other times it refers to action or the functions involved in operating the business, the what side of management. Our attention will be directed primarily to the functions of management - the what side of management instead of the who side.

On the action or function side of the business, management is:

the science or the art of combining ideas, facilities, processes, materials, and people to produce and market a worthy product or service profitably.

A business is well managed when the results are satisfying to customers, employees, stockholders, and to the public.

Good management must maintain a wholesome balance between these four groups:

1. the customers
2. the employees
3. the stockholders
4. the public

One must recognize, too, that management is something more than expertness and superiority in a specialized area. The manager need not be a better specialist in each area in which he directs others. In fact, a really wise manager seeks to surround himself with specialists, each

of whom may be superior to himself in his assigned area of responsibility.



Some managers fear this policy; they think their power of direction depends upon their being able to "show up" each subordinate occasionally. Consequently, such a manager attracts and retains inferior subordinates; his methods get rid of those on whom he should rely for real performance. He finds himself busy most of the time doing the tough jobs for his subordinates.

Of course, doing other people's work for them makes him feel important and keeps others catering to him. But it kills managers before their time (at least chronologically). It fails to prepare subordinates to take over. It limits the expansion of the organization services because the manager believes he must be able to give personal attention to all management activities.

In contrast, the modern manager does nothing he can get others to do. His major job is the coordination of capable specialists, some of whom are potentially able to take over his job. His usefulness is not measured by his indispensability nor by the seriousness of what would happen if he should step out of the picture, but rather by the outstanding capacity of his subordinates and the smoothness of their operations.

This leads us to the conclusion that:

the basic qualifications for management are separate from, different from, and over and above experience and abilities in specialized areas.

Management in Terms of Functions

The manager today thinks in terms of functions rather than in terms of specific operations and specific methods, which should be the responsibilities of subordinates. What are these functions? Probably the simplest way to summarize them is to say that there are five basic functions:

Planning

Organizing

Directing

Coordinating

Controlling

PLANNING 00.
ORGANIZING
DIRECTING
COORDINATING
CONTROLLING



These functions may occur simultaneously or consecutively. They are not necessarily separate and distinct. They do not necessarily follow any given order. All of them, however, may be performed with respect to any given operation or activity.

The management process can be visualized with respect to a single activity - a feed mill, for instance. The manager and the mill supervisor take time to plan the work and prepare specifications for the ration; they think through the organization requirements and assign the necessary manpower. The mill supervisor gives the instructions and delegates the authority to the mill hands for proper direction and he motivates performance to get the job done well and on time; and the work is coordinated with other department needs or customer requirements. The superintendent checks to be sure the work is done according to specifications and prepares the necessary reports which provide the controls for the feed mill manager.

In this way you can see that while the activity itself is performed, it is not in itself the management process. Management is the planning, organizing, directing, coordinating and controlling which provides for effective end results.

In carrying out these management functions a manager also operates in other ways which cannot be described in terms of technical activities. He performs in three ways:

- 1. Thinks - Judges - Decides
- 2. Performs Personally
- 3. Gets Results Through Others

A good manager will spend about one-third of his time on each of the three parts of this management process.

Are We All Talking About the Same Thing?

As mentioned in the Introduction, this manual is not the final, complete answer to all questions. Many authors have used different breakdowns for the functions of management. However, and this cannot be stressed too strongly, we are all talking about the same things.

Whether we speak of directing, or use leadership, motivating or even organizing really makes little difference. The important thing is that we all understand the terms we are using and exactly what we mean by them. An example of some of the breakdowns of management is given in the following table:

Planning Organizing Directing Coordinating Controlling	Planning Organizing Motivating Coordinating Controlling	Planning Organizing Actuating Controlling	Planning Directing Controlling
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What is important is not the method of organizing the management functions, nor what is contained in each area, but that we recognize that the breakdown into functions is of importance rather than a breakdown into operations.

An Evolving Science

Our purpose in mentioning the five functions of management is not merely to list them, but rather to point out that underlying these functions are principles and methods which the manager needs to be as well informed about and as skilled in as he is in his technical field. It is not enough to

say, "Yes, I know that the manager plans, organizes, directs, coordinates, and controls." He must be able to say, "I know how to plan, how to organize, how to direct, how to coordinate, and how to exercise control. I know the principles underlying these functions and I am skilled in the methods and techniques of applying these principles in my own business."



Planning

SECTION I

CHAPTER III

Chapter III

PLANNING

A Definition of Planning

Planning is the thoughtful determination and systematic arrangement of all the factors required to achieve the goals and objectives of the business.

It is getting ready to do the work, not the actual performance of the job.

Planning is the thinking, judging and deciding aspect of the manager's job. It is not the directing, supervising, or controlling of the operation. Planning is, therefore, the thinking process that should be carried on before any action is taken. It starts with the ideals and objectives of the business, predetermines what shall be done, why it should be done, and how and by whom it shall be done in order to attain the desired goals and objectives of the business, and completes its course with the providing of controls that will tell management how well they are doing and where they need to replan. Planning is always done with a goal in mind, for if desired results are specified, but no goal is set, we have an idea - not a plan.

Planning is an important function of management and one in which skills can be learned and specific principles followed. Top management levels are responsible for broad, general, and creative planning. Lower levels develop from these administrative plans, the necessary specifications, and detailed plans for operation.

The Importance and Uses of Planning

The firm which does not recognize planning as an important management function ignores the fact that business is constantly facing choices between alternative courses of action. Business conditions are so dynamic that decisions cannot be left to chance nor be based upon inadequate information gathered at the time of crisis.

Planning involves much more than being ready to handle problems when they arise. Planning brings about the adjustment of the various parts of the business for the service of the whole business. The end product of planning is lower operating cost and a reduction in the impact of business shocks resulting from a continually shifting economy.



Planning has a number of uses and purposes:

1. Planning establishes goals so that everybody can know what the business hopes to achieve.
2. Planning establishes coordinated job descriptions so that each job will be coordinated with others, does not duplicate others, nor leave any duties undone.
3. Planning establishes the necessary facilities so that the assigned job functions can be performed efficiently and economically.
4. Planning establishes the standards of control so that as work progresses the results can be compared with the standards as a check of performance.

Thus, the function of planning runs all the way from defining the over-all company objectives and goals to the planning of work programs, both long and short range. It includes the formulation of policies that provide guides to specific decisions so that they are consistent without the necessity of constant clearance with superiors.

Recently a group of division heads of a progressive company outlined a Program of Management Development Conferences for their own self-improvement and the development of those who report to them. Their major concern was: "How to manage one's own time and energy so as to have sufficient time for creative and important work." They were

searching for principles and methods of planning their own management activities.

Everyone agrees it is important to plan a schedule of engineering or production operations right down to the split second of time. Even the motions of hands and machines are planned. But high-priced executives, paid five to fifteen times more than a mechanic, waste all kinds of time in fruitless conferences and in doing things which should have been delegated -- all because of lack of intelligent planning. It is not how much one does, but how well one does what he should be doing that makes for executive productivity.

Characteristics of a Good Plan

A good plan is both stable and flexible.

A good plan is stable in terms of achieving the objectives for which it was designed. But, within this over-all stability, it is flexible enough to allow for changes, variations, and exceptions to the currently prevailing conditions.

A good plan is properly timed.

That is, the plan must be designed to fit into sound business strategy in relation to the conditions expected to prevail during its operation. The inclusion of provisions in plans for their systematic review during the operation assures that the plan will always be up to date with respect to current conditions.

In situations where conditions are in a constant state of change, all the contingencies which might arise may have to be included in the plan. The recognition of these contingencies leads to planning for them and hence to the mitigation of their effects.

In addition to being both stable and flexible and timely, a good plan must also be clear and understandable. The planner must be able to communicate his scheme to his associates if planning is to have any significant effect upon the operation of the business. Poor communication of a plan usually signifies poor planning.

The test of any plan is its effectiveness in attaining the objectives for which it was designed. The guiding line for any plan must therefore be purpose.

Planning provides the way to an end.

Principles of Planning

There are ten principles of planning which serve as guide posts during the planning phase:

1. Define the objectives.
2. Determine the priorities of the specific objectives.
3. Determine obstacles that are in the way of your objectives.
4. Think up the means and the methods of getting rid of the obstacles.
5. Determine what will be required in the way of personnel.
6. Determine what will be required in the way of facilities, including money.
7. Assign the responsibilities.
8. Lay out a time schedule.
9. Set up measures for determining progress and results.
10. Determine what administrative action is required to get the program approved and into operation.

By using this logical system of gathering and interpreting facts, the plan rests upon a pretested foundation. This type of planning is the goal toward which all managers should point.

There are two weaknesses which occasionally present obstacles to the use of this method of planning:

1. Inability or difficulty in obtaining the necessary facts.
2. Length of time needed to gather and analyze data.

As the method of planning is used more and more, the data problems which loom large at first tend to diminish. This occurs for two reasons: first, the planner sets up records which provide him with data needed and locates sources of data which were unknown to him at the start; secondly, experience provides him with some basis for judging the reliability of the data which can be obtained readily. The problem of time needed for analysis of data resolves itself into a planning problem.

Experience will provide the answer to how much time is needed for proper analysis and then it is up to the planner to see that the time is made available; that is, that the planning operation be started soon enough.

What Has to be Planned ?

In every business, no matter how small or how large, there are certain general areas which need to be planned. Some of these areas need to be planned in detail; in other areas the planning does not need to be so detailed. However, all areas need to be considered, need to be planned.

Viewpoints are the system of ethics and ideals under which the business operates - the set of precepts which the business believes in - democracy, religious freedom, freedom of choice, and so forth. The business should express these viewpoints openly and should live by them so that competitors and customers can see their consistent practice.

Objectives are the various values that the business attempts to produce, distribute and safeguard. These objectives should be stated in a definite way and should be made known to all persons concerned. Public knowledge means that everyone knows what the organization stands for and what it is trying to do.

Goals consist of the short-run means of reaching the objectives of the business. Goals are standards to be attained and these goals can be more easily attained if they are realistically established in advance.

Services - Businesses are set up to provide services for their customers. The planner must determine the kind and extent of services to be rendered and where they will be secured. It is also necessary to know something about the limitations of the services and the financial aspects concerning them.

Policies are generalized guides to decisions and they must be planned. These policies are most valuable where the manager and the employees need to act in recurring situations without consultation with superiors. To instrument the use of policies, authority and responsibility must be properly delegated.

Policy planning involves four major steps:

1. Determining policy needs - in what departments or sections do recurring situations arise which can be handled through a policy statement?

2. Wording policy statements - Can the statement be worded so that it is clear and understandable, yet cover the situation adequately? Would it be better to have two or more policies to cover most of the possibilities which might arise?
3. Using the policy - Does the policy do the job for which it was designed?
4. Allow for revision and change - Is the policy up-to-date? Does it need to be revised as conditions change?

The financial and mental resources of the business must be planned so that they are distributed throughout the firm in a manner which leads to maximum economic productivity. The future use and growth of these resources must also be planned.

The physical facilities of the business must be planned so as to create the proper environment in which personnel operate. Poor equipment and poor organization of equipment can lead to excessive costs and low morale.

Work programs of the business must be planned in advance. The various jobs must be coordinated. In planning work programs, detailed planning and scheduling are not necessary if their coordination can be achieved. The general outline of these programs should, however, be planned at the managerial level.

In the established business, planning for improvement takes considerable precedence over the over-all planning job. Planning for expansion, replacement of worn equipment, and future manpower are some of the areas of importance. Improvement planning is continuous and results from observations made by the manager during the day to day operation of the firm.

The structure of the business, its organization, must be planned to assure adequate communication and coordination between the various sections. Organization structure determines who shall be responsible to whom, for what functions. In addition, organization planning spells out authority and responsibility relationships between superiors and subordinates, and between executives of equal rank.

Manpower must be considered in the planning phase because of its importance to the over-all success of the business. The manager must decide what types of people are necessary to do the job and how these people can work together effectively. Methods for the selection and training of manpower must be planned in advance with definite goals in

mind. Human relations techniques must also be carefully thought through and their use planned.

Motivation methods to get the job done must be planned. The morale of the employees which makes them want to work hard for the organization, knowing that their own interests will ultimately be served by this hard work, is the result of motivational planning. It is the job of management to plan and bring about such an attitude on the part of the employees.

If all the above areas are properly planned, then coordination can be planned with little trouble, for throughout planning, the job of coordination has to be kept in mind. Coordination results in the plans undertaken being achieved in an orderly and economical manner.

Good planning of all the above areas and their proper coordination is not enough. The manager must develop ways and means of controlling these plans. If planning could be perfect, and if people would and could carry them out exactly, the control function would be unnecessary. Each plan should contain its own control element - such items as the following should be considered:

1. Assignment of responsibility for the completion of each phase.
2. Progress statements and to whom they should be submitted.
3. Determination of the timing of completion of each plan or part thereof.
4. Statement of how each person shall close out and be discharged of his responsibility in connection with the plan.

In some cases, committees can provide control where the plan involves a number of people or departments. This method of control provides for changes in the plan when they are most useful and necessary.

Adequate reports and records provide much of the information necessary for controlling the plan. In many cases, the records must be designed to yield the proper information needed for controlling.



Organizing

SECTION I

CHAPTER IV

Chapter IV

ORGANIZING

A Definition of Organizing

Organizing is the grouping of activities and the fitting together of people in the best possible relationships to get the work done effectively and economically and to help achieve the objectives and goals of the enterprise.

After plans are established, the factors necessary to put these plans into operation must be arranged and placed in their proper relationship. Personnel must be procured, developed and motivated; relationships between superiors and subordinates, and between various executives, must be established and outlined; procedures, methods, and systems installed and made ready for operation; and needed tools, equipment and supplies provided.

The activities are grouped according to their similarity and personnel according to their compatability and qualifications. Experience usually indicates which activities should be grouped separately. These groupings exist largely because of the different kinds of interests, knowledge and skills required for their performance. Personnel are selected according to the needs of the work and assigned according to their interests and abilities.

Again and again it has been shown that most personnel conflicts and failures to cooperate effectively on the executive level are due to faulty organization relationships. Executives are not mean by nature. However, many times men holding important positions do not know their responsibilities, their authorities, and their relationships to each other. This results in overlapping responsibility and authority, sometimes in open conflict, or it results in a "no man's land" which is just as bad, though less unpleasant.

Experience shows that it is not enough to draw a beautiful chart and write up an elaborate organization manual. The members of the management team have to understand and accept the why of the organization principles, not merely the what of the organization plan. When you analyze a prospective customer's management, you can very quickly ascertain whether he has an organization plan that promotes teamwork or whether it fosters political "jockeying" for power and all the other inefficiencies that go with fuzzy organization.

There are definite principles of organization. They can be stated. Every person in a management position should know them

and apply them rigorously as the mathematician applies his formulas.

Formal Organization Structures

An organization is a group of specialists working together toward common goals or objectives. However, specialists seldom work together automatically; hence, they have been organized in some specific manner to get their work done. There are several ways in which an organization can be structured to accomplish the purpose of getting the job done. Each type of structure is like a variety of a plant -- it has both good and bad characteristics. The problem of the manager is to select from the various types of structures, the organizational structure which fits his need.

Many managers of small business do not see the necessity for worrying about organizational structure. They feel that organization charts, manuals, and so forth, are not applicable to their business. In a sense they are right; in another sense they are wrong. The beautiful charts, elaborate manuals, and so on, have little application in the small business. A few notes in a file and a rough sketch of the organization may be all that is necessary. However, the fact still remains that the manager must give thought to the structure no matter how small his business. In general, we distinguish three types of organizational structures:

1. The line structure.
2. The staff structure.
3. Line and staff structure.

The most widely used structure is the line and staff structure.

Line Structure

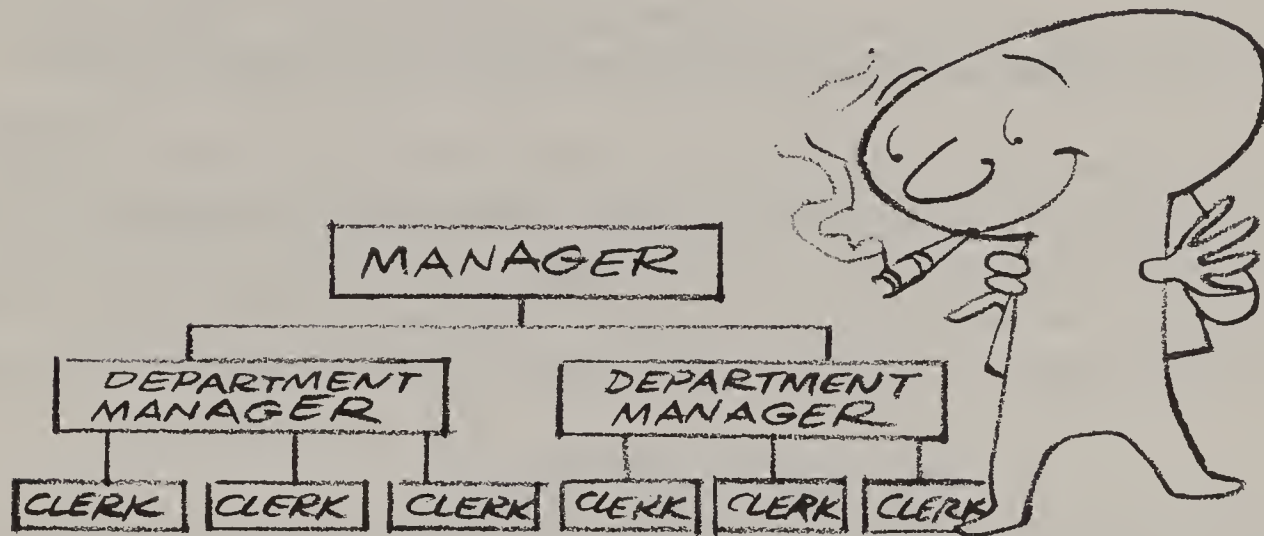
In a pure line organization the head of each unit is responsible only to his superior and has authority over the activities within his unit. He can call on no one to help him with problems of purchasing, personnel, accounting, and so forth. Each one of these functions can be a separate function and serve an objective that may be essential to the life of the organization. But, in a pure line organization, each must be directly under the unit head. A typical pure line organization would then have as many accounting sections, personnel sections, purchasing sections, and so forth, as it had departments or units.

There are three major advantages of the use of the line organizational structure:

1. Each unit head is completely responsible for everything in his

unit. No buck passing can exist.

2. Decisions can be made quickly because conferences of specialists need not be called.
3. Each person has a direct line of command with only one person above and one person below him.



The big disadvantage in the line organization arises as the business becomes more complex, when the line executive is called upon to make decisions in areas where his knowledge is nil or very slight. The line executive must be a "jack-of-all-trades" -- he cannot fulfill this function as the organization becomes more and more complex. Thus a line organization is useful when:

1. The company is fairly small.
2. Problems are simple or unchanging.
3. Good all-round executives can be found.
4. Undivided authority is absolutely essential.

Staff Structure

As pointed out in the above discussion of the line organization, the line form of organization lacks specialists to advise and aid the unit head. The staff organization was developed to overcome this disadvantage; however, in its pure form it has never been successful. We include it here only because an understanding of this form of organization is necessary for understanding the line and staff form of organization.

In the pure staff organization, the executive has authority for only one function and is responsible to a number of specialists. However,

this responsibility only pertains to the assigned function. For instance, a salesman would be responsible to the sales manager for selling supervision, the accounting manager for records, the comptroller for finance, and so forth. Each of these specialists would, in turn, be responsible to other specialists for supervision.

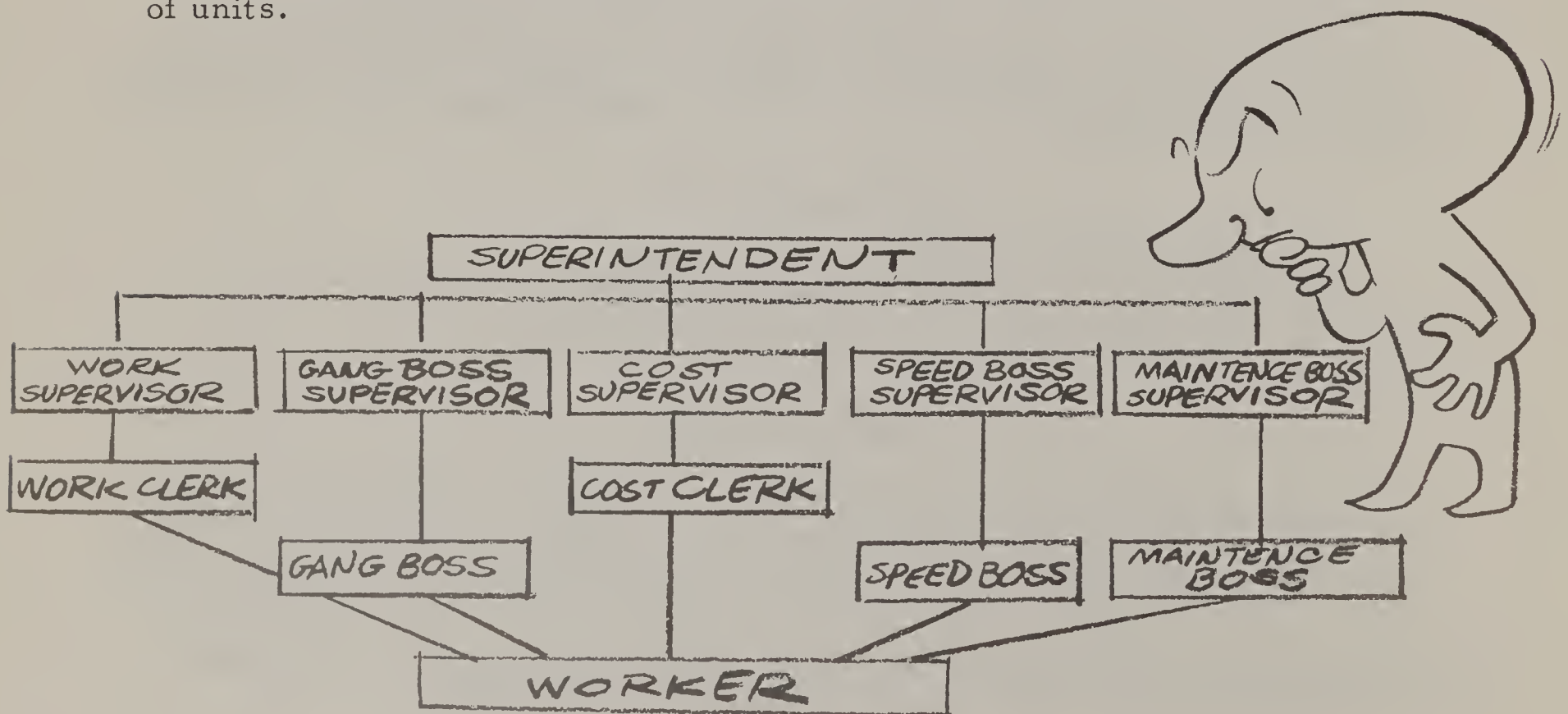
The whole organization would be specialized in function, direction and control. Thus, the big advantage of this form is specialization.

Specialists are easier to find than generalists and a man can do a better job dealing with one function than dealing with many functions.

The use of the pure staff form has failed because of the problem of lines of authority -- these lines become impossibly complex, and the coordination problems become overwhelming. In some instances, the staff organization can be used in emergency situations for short periods. However, in the long run, the disadvantages far outweigh the advantages.

Line and Staff Structure

The line and staff organizational form is a combination of the two types of organizational forms discussed above. There are two types of managers in the line and staff organization. One manages a unit whose function is the achievement of a major objective of the organization; the other manages a unit which gives advice or assistance to the first group of units.



In the first unit the manager has complete authority for achieving the unit objective. However, their relationship to the staff units does

not permit the use of undivided authority on the part of the staff group. The line organization can always choose whether or not to request staff aid.

The line and staff organization has the advantages of both pure line and pure staff but avoids the disadvantages of each. That is, it has the advantage of undivided authority in the line and the availability of specialized staff aid. This type of organization avoids the pure staff problems of "buck passing" and the uncertainties concerning the responsibility for the performance of specific functions.

Two disadvantages are associated with the use of line and staff structure.

1. Line executives may not be willing to accept the help offered by the staff specialists.
2. Staff specialists sometimes try to force their know-how upon others.

These two problems are usually the result of either poor definition of relationships or difficulties between personnel. The line and staff form of organization is widely and effectively used today. Its effectiveness depends upon the creation of the proper atmosphere or environment in which the form of organizational structure can function.

Many questions arise out of the use of this type of structure -- how many staff people should be employed, when should staff members be added, and where should the staff be placed in the organizational structure. A good rule of thumb to use is that staff growth should take place in relation to the needs of the organization.

Informal Organization Structure

With all the planning that goes into organization structure, there is a form of organization that arises which is not formalized or planned--the informal organization. Most of the leadership at the executive level flows through the formal organization as planned; however, a very significant portion of this leadership is effected by informal organizations and groups.

Some executives may view these informal structures as creating a threat to the formal organization or may try to overlook and by-pass them in exercising leadership. Such practices may be disastrous for the firm. Executives must learn to use these informal groups just as effectively as they now use the formal structure.

Informal groups may exist at any level in the organization, between executives, between employees, or between executives and employees. Differences between executives in actual and assigned authority give the first indication of informal organizational structure. This same difference may be discerned in the respect paid to executives of equal rank. Informal authority can be used in the successful operation of the firm and can also provide guides for those seeking to increase their leadership ability.

Employee groupings which are of an informal nature are commonly referred to as cliques. These cliques or informal groups usually have one or more unofficial leaders. Some of these leaders are natural leaders while others arise on the basis of seniority, age, technical skill or position. These leaders perform various duties for their groups, voicing grievances to superiors, organizing parties, keeping new-comers in line, training new-comers, and so forth. There is a certain amount of authority and respect which goes along with these unofficial positions.

Informal groups can be very effective in controlling their co-workers because of the social pressures which they are able to exert. The informal organization may have a much more important effect upon productivity than the formal organization. The proper use of this type of organization can be one of the most successful tools a manager has at his disposal, but he must be careful in his use of this tool. His recognition of the clique or group must remain hidden. Formal recognition might destroy the group or place its leaders in a very subordinate official status.

Informal groups, if properly used, can serve as a training ground for employees who are promotable to executive positions. These men have established leadership based upon the needs of their associates. They have already advanced far in the skills of human relations.

Informal groups can be used; they cannot be eliminated without seriously affecting the firm.

Basic Principles of Organization

There are fifteen principles which, if followed, will aid in the organization of the business:

1. The organization plan should be developed from the point of view of the activities required to achieve the objectives of the enterprise.
2. The activities should be grouped according to the natural likeness of the activities and according to the combinations of

abilities and interest characteristics of personnel.

3. Persons should be assigned groupings on the basis of their natural abilities and interests.
4. Each person's responsibilities, authorities and relationships should be fully expressed in written form, clearly understood, and completely accepted - not only by the individual himself, but also by all persons affected by the position.
5. Delegation of authority and the freedom to act should be clearly and appropriately defined and be adequate for the responsibilities.
6. As many as possible of the decisions affecting specific operations and requiring approval before action should be made only one organizational level above the person putting the decision into effect.
7. No person should report to more than one superior. (However, an individual may be assigned by his superior to serve or assist another organization unit and receive directions within the assigned sphere of service subject to understandings with the individual's official superior.)
8. The number of persons reporting to a superior should be few enough so that he can give each person adequate attention when he needs it and still leave the superior time for responsibilities other than direction and supervision such as investigations, planning and doing those things which only the superior can do.
9. Recognize and make good use of the informal organization; that is, the natural groupings of persons based on friendships and like interests. Watch that cliques, "gangs" and other informal groupings do not handicap the official organization.
10. Titles should be appropriate and consistent.
11. Keep the organization plan flexible and sensitive to changing conditions and growing personnel.
12. Coordination of interdependent organization units should be definitely provided both through defined organization arrangements and through defined policies and procedures. This coordination should be provided as close as possible to the operations affected.

13. The final control of the functions of inspection, quality control and audit of operations should not be subject to the executive directly in charge of the operations under review.
14. The organization plan should be clearly and fully described in a written organization manual containing functional and personnel charts for each organization unit, position descriptions, statements of standing committee functions and statements of organization principles such as line and staff relationships.
15. Delegate to some one individual, who may be assisted by an advisory group, the responsibility for keeping the organization manual up-to-date; auditing conformity to it; assuring that everyone affected fully understands the organization's plan and that they are trained in how to function effectively according to the plan.



Directing

SECTION I
CHAPTER V

Chapter V

DIRECTING

What is Directing?

Directing is getting the day to day execution of plans and projects done.

Effective direction assumes that the manager has adequately taken care of the problems associated with:

1. Statement of plans, programs, objectives and policies of the organization.
2. The development of a sound organization structure which has been properly staffed to handle the business transactions.

Only when the managerial functions of planning and organizing have been properly handled, can the function of directing be effectively performed. Here is where executives seem to differ most in the ways they get others to perform. Why does Mr. Smith get so much better results from his subordinates than Mr. Jones? Mr. Smith is not more brilliant intellectually; he may be less of a technical specialist in his area than Mr. Jones; he doesn't work harder - in fact, he seems not to work as hard. Somehow people do more for him and complain less. Mr. Smith may be very modest and make no claims to the secrets of human relations, but whether he admits it or not, he is making use of the growing science of psychology and sociology as applied to business situations.

He regards each person as a unique individual different from others. Through personal contacts he demonstrates a sincere personal interest in individuals and he makes persons want to reach for and take responsibility, rather than let the boss do all the worrying.

He creates pride in "belonging to the team," often in belonging to the company as a whole. A sense of security, the awareness of recognition, the feeling of having influence, the challenge of opportunity, the sense of belonging to a worthwhile enterprise are psychological forces as real as the chemical and physical forces which our scientists are using so effectively today. Here are incentives to performance which go beyond the mere earning of money, important as that is.

We may not have reduced these motivating forces to mathematical formulas and accurate scientific principles, but we can learn to understand

them and use them to maintain wholesome human relations, build morale and teamwork, to develop persons for larger responsibility -- and to improve productivity.

We will bet on a football team which has a coach and a quarterback who know how to use contagious enthusiasm and to arouse an indomitable spirit of team play -- we don't depend primarily on weight. There is a quality of executive direction in football that results in a superiority that overcomes a handicap in mere pounds.

The direction of personnel not only means providing the conditions essential to their effective performance but recognizing their potentials as persons. Administrative effectiveness depends upon ability to release the creative talents of others. Directing is one of management's most demanding functions.

Successful Practices in Direction

Here is a checklist of practices for successful direction:

- (a) Determine specifically what jobs must be done.
- (b) Determine specifically what tools are necessary to do these jobs.
- (c) Prepare clear and effective orders, instructions and information.
- (d) Establish standards of performance and control points for each person.
- (e) Provide for proper communications and relations with and between all organization units.
- (f) Help subordinates to develop managerial capacity as they perform their assigned tasks.
- (g) Constantly watch for ways to develop your own managerial skills.

Obstacles to Effective Direction

As in any managerial position, there are certain areas which cause the directing function to be neglected. One of the first steps in handling these problems or obstacles is their recognition. One of the biggest obstacles to effective direction arises from ignoring the function altogether. It is not surprising that this problem occurs. Most managers have risen to their position from the rank of subordinate. As subordinates they were good followers, and when they become managers they failed to see the

change in their job and function. Good followership does not necessarily lead to good leadership. Managerial functions are very different from technical functions; good managerial decisions are based on proper technical information, but are different from technical decisions. A manager can't be a technical expert in all fields, but he can be an expert manager.

Another obstacle to effective direction is the failure to recognize and use informal groupings to get the job done. This subject has been discussed in the previous chapter. However, it is important to stress the use of these groups as an effective means whereby the job of direction can be made easier.

A common tendency among managers is the failure to delegate work and authority to subordinates. This tendency arises because the manager knows that ultimately he will be held responsible for the results. Most managers have a fine sense of responsibility. Fear of delegation is a result of attempting to safeguard this responsibility.



Although a keen sense of responsibility is highly commendable in a manager, he must be held responsible for the effects upon himself from trying to do everybody's work. To overcome this obstacle the manager must build an effective organization, one in which he has the faith that the job when delegated will be done just as he would do it. A good example of the situation of a manager who fails to delegate would be a band conductor who tries to play all the hard parts and to conduct the band in total. He can show others how to do the job in rehearsal, but during the concert he must direct and delegate the playing of the parts to the band.

Delegation

Throughout this discussion of directing, the word "delegation" has been used over and over. Delegation is, very simply, giving someone else the authority to do a given task and making him responsible for its accomplishment.

WHAT TO DELEGATE

How do you know what to delegate? There are a few simple rules which you can follow in determining what to delegate.

- (a) Delegate anything anyone else can do as well as you can, or better. Use your specialists to do the jobs which they can handle and which you hired them to handle.
- (b) Delegate things which you might do poorly because of a lack of time.
- (c) Delegate when a subordinate can do the job well enough for the cost or time involved. Often a subordinate can't do the job as well as you would, but if you did the job, it would interfere with your other more important jobs. It may take less time to coach a subordinate than it would take to do the job itself.
- (d) Delegate when it costs too much for you to do the job.
- (e) If costs and time permit and if the job does not involve too much risk, delegate the job as a means of developing your subordinates.
- (f) Always delegate when you have something more important to do.
- (g) If you find you are spending too much time on operations and not enough time on managing, delegate the work or develop someone to whom this work can be delegated.

WHAT NOT TO DELEGATE

Each manager has certain things which only he can do. There are times when his ability to do the job prevents him from delegating. In other instances, he could delegate the work, but his prestige is needed in addition to getting the job done.

In some instances the nature of the job involves confidential information which subordinates should not be expected to handle. Subordinates may fail to see the confidential nature of the material and could cause embarrassment to the manager.

Frequently situations arise which can be delegated, but in the interest of creating better morale, the manager must set the pace and pattern. Taking long steps may be the only way of increasing the morale and effectiveness of the work force.

Jobs which can be handled faster by doing the job rather than taking the time to delegate the work should be handled by the manager. In other instances, sufficient controls may not be available or the manager may need to keep close enough to the problem to see trends. Either of these cases can best be handled by not delegating the work.

Authority and Responsibility

The essence of direction is the ability to command the work of others. The right to give orders to others and expect obedience is authority. Every manager should know exactly what his rights are -- he should know how far his scope of authority extends. Written position descriptions are the most useful means for defining the scope of the manager's authority.

Authority can also be received from subordinates as the result of earned respect, as opposed to authority delegated from above. This earned authority is, perhaps, most important to the manager in a staff position in his relationship with the Board or with line personnel.

Authority goes hand in hand with responsibility. While the organization chart specifies the lines of responsibility -- to whom and for what each person is responsible, the authority to handle these responsibilities must be delegated.

The limits of responsibility and the authority of the manager should be spelled out specifically in an organization chart and in a position description. This will provide a check for ambiguous statements of responsibility and assure proper delegation of authority. In addition to proper authority, the organization chart indicates the availability of sufficient qualified personnel to handle the work and assure high quality performance.

Often authority and responsibility are said to be co-equal for every position. Although responsibility can never be given away, it can be created as a co-partner for delegated authority. Knowledge of the

authority and responsibility of all positions by all persons in the organization provides a means of creating a coordinated firm and reduces the amount of direction necessary for the attainment of the goal and objectives of the firm.





Coordinating

SECTION I

CHAPTER VI

Chapter VI

COORDINATING

A Definition of Coordination

Coordination is the function of management which results in the integration of the activities of people, of the use of facilities and materials, and of the handling of the assets of an enterprise to accomplish a unified approach to a predetermined goal or objective.

Without coordination the manager cannot plan, organize, direct, or control. The function of coordination thus belongs to all people who have the responsibility to manage.

To make parts of an organization fit together, to give them unity, to see that each unit understands the function of the other units, and to see that each unit helps the other units whenever possible and avoids hindering the other units, are major concerns of every manager.

Coordination runs through the whole organization and is a necessary and integral part of every managerial action. In some large complex firms a coordinator is appointed to handle this function. However, his task can only be fulfilled when proper coordination is forthcoming from those down the line.

The Four Areas of Coordination

In most situations there are four areas of the business in which coordination is vital. The first area is in planning. The success of the business in effecting its plans can be traced back to proper coordination of plans. In planning any type of sales campaign, proper coordination is a vital part. The plan must consider coordinating the activities of the purchasing, production, warehouse, credit, delivery and sales departments from the beginning of the plan. If the sales campaign is successful, the production, warehouse and delivery departments must assure prompt delivery. If coordination is lacking, more may be sold than can be delivered, thus creating ill-will and a loss of customers. Coordination takes planning and every well conceived plan is little more than an outline of the coordination which is to take place as the plan is put into effect.

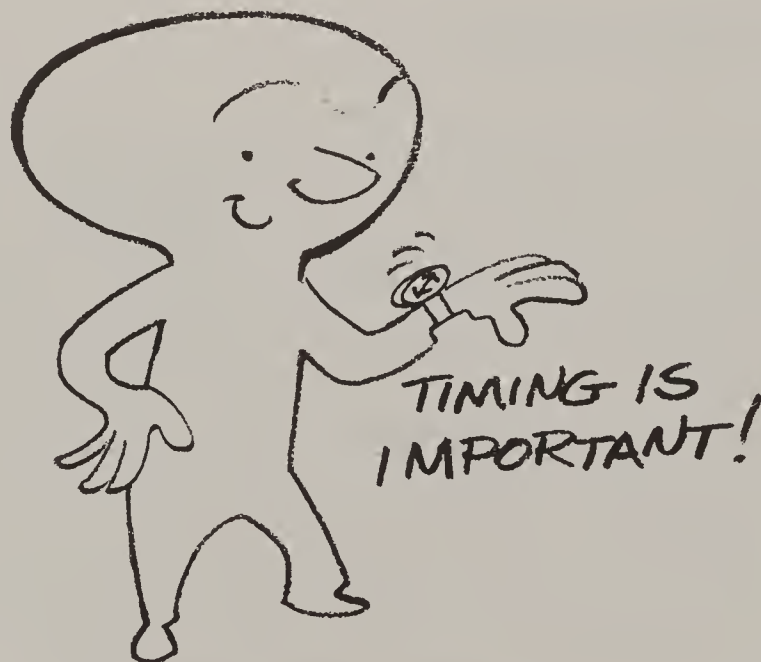
A second area where coordination is important is the coordination of individual assignments. The manager must create an atmosphere of common interest and activities which enable individuals to achieve the common objectives of the enterprise easily. Coordination of individual activities is teamwork. Any team sport, football for instance, involves

teamwork and coordination. The individual who centers the ball is coordinated with the quarterback and the backfield. The runner is dependent upon both the line blockers and the down field blockers for his success.

As the organization becomes more complex, coordination of individual activities becomes more important and more difficult to achieve. Teamwork is harder to achieve because of the necessity of people working independently of one another - yet they are dependent upon one another for their own and the company's success. Here the manager has to use all his skill to obtain the proper coordination.

If individual coordination is not used, the activities of various departments or organizational units must be coordinated. Often, when the business involves the integration of systems, methods and processes, the organizational units are the proper level for coordination.

The end result of the efforts of various individuals and the performance of the various organizational units are activities. These activities must be coordinated for they are the products and services of the business. Various activities outside of the control of the manager, political, social and economic changes, must be coordinated with the internal activities of the business. Only management can perform this coordinating function for only management has the information and authority necessary for this job.



Characteristics of Good Coordination

Management lives in a rush of constantly changing events. Because of these changes, the timing of activities is important. Timing is one of the most important characteristics of good coordination. Activities must

be timed properly if excessive losses due to idle workers and facilities are to be avoided.

Appropriateness is another characteristic of coordination. Often people remark that a man knows just what to do - that is, he seems to know what is appropriate for a given situation. Many of the difficulties arising out of clashes of personalities, conflicts of interest and planning failures can be handled by using appropriate people and means to achieve the objectives of the firm.

Because of the constantly changing conditions under which management operates, good coordination must have the characteristic of flexibility. In spite of the alteration of plans, variation in performance, changes in predictions, or the occurrence of the unexpected, the efforts of the organization must continue toward the attainment of a predetermined objective. Management must continue to coordinate these activities in the face of change and difficulty.

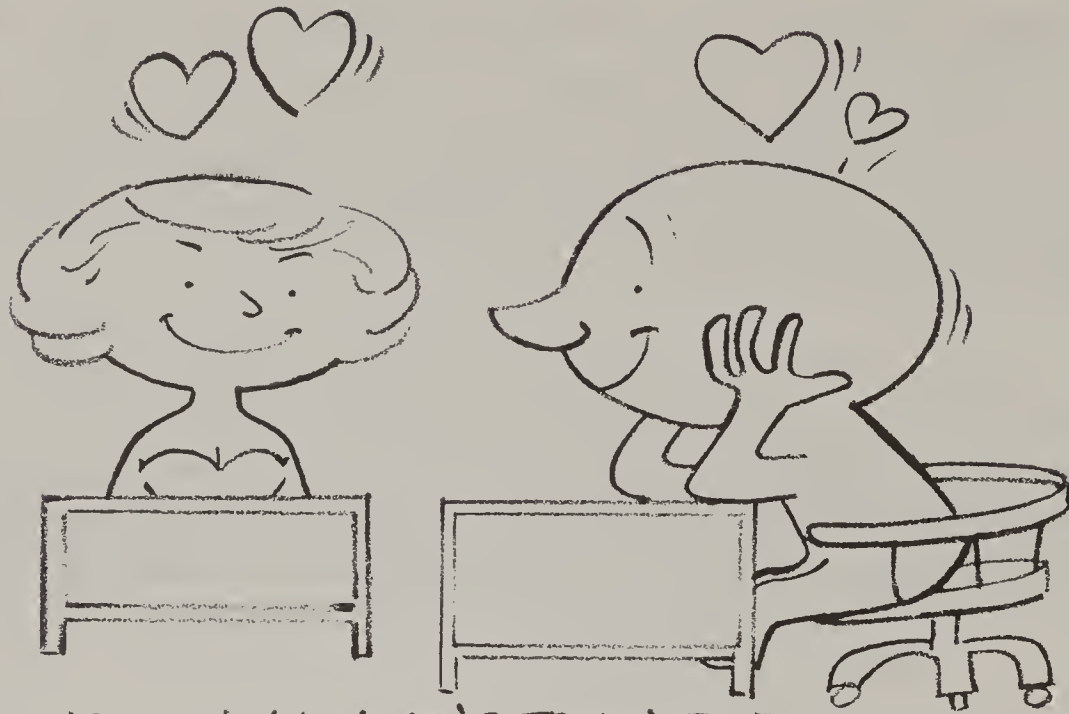
Three Elements in Coordination

There are three elements which are necessary if people are to know what is going on, what is intended and what they as individuals are expected to do. The first of these elements is communication. Good communications enable people to know what is going on. Good organization is the hub upon which good communication turns. The spokes of the hub provide a means of knowing what is going on in all parts of the business. In this way each person can know his own job, the job of those that report to him, his relationship to his superior and his relationship to others in the organization. One of the prime factors in the free interchange of ideas throughout the organization is clear and smoothly functioning channels of communications. Free interchange of ideas has a major effect upon coordination.

Communications is only a means to an end - this end is getting information to people. Many types of information flow automatically through the communication system. Sometimes too much information flows to people. This flow of useless information is as big a problem as too little information. Many of the problems concerning information can be solved through periodic checks made to determine the need for and type of information required to perform a job.

"Grape vines" are nurtured by poor communication of desired information. Every organization should strive to beat the "grape vine", for beating the "grape vine" engenders confidence in management and reduces the need for counter-information to overcome mis-information. It is often advisable for management to keep others informed of their

thinking so as to stimulate the interchange of ideas and to make others aware of their reasoning.



COMMUNICATION IS ONLY A MEANS TO AN END.
THIS END IS GETTING INFORMATION TO PEOPLE.

Information flowing through the channels of communications consists of two types. First, there is the data of the business - tables, schedules, and so forth. Secondly, there is information which must be understood if it is to have meaning. Understanding comes about through clear and concise explanation of the information communicated. Management should be aware of the experiences of their employees and should use these experiences as a guide to the amount of explanation necessary to obtain understanding. Data given to a foreman who has been with the business for twenty years may need no explanation, but when he transfers this data to a worker who has been with the business two weeks, it may take considerable explanation. Thus, management must be aware of the need to help people build experience and to aid those without experience through clear explanation.



Controlling

SECTION I

CHAPTER VII

Chapter VII

CONTROLLING

Controlling Defined

Controlling is the function which involves seeing to it that the plan of action is followed according to specifications and scheduled plans and taking remedial action when needed to prevent unsatisfactory results.

Control does not mean prevention or restriction by a person who has authority and power over subordinates. We seldom hear the word control used in this fashion: control usually carries a restrictive connotation, not an informative connotation. Control, then, is first, being informed of progress; second, interpreting trends and interpreting results; and third, knowing where, when, and how to initiate remedial action in time.

Generally speaking, the more effectively the planning, organizing, directing and coordination functions have been carried out, the less control will be found to be necessary. There are instances when the controlling function must be very thorough even though the quality of the other managerial function is high. In situations where the plans have been based on inadequate or unreliable data, controls must be stringent if the plans are to be achieved. A new organization, or one entering into new areas, may need to give much more thought to controls.

Control is thus a complement to the other four functions of management in that it compensates for misjudgments, variations and unexpected developments. Proper controls give the business the necessary information and time to correct plans which have gone astray.

Controls also indicate the means for correcting the deficiencies in the original plans. In this way controls supplement the various functions by indicating organization weaknesses and difficulties in directing and coordination.

The manager is critical of himself whenever he has to act for a subordinate. He controls through clear-cut policies, through clear definitions of authority, and through decisions on exceptions, not on routine matters.

Five Purposes of Control

There are five purposes of control which should guide the manager in thinking about this function.

Controls prevent unauthorized actions on the part of employees. Probably the most familiar manifestation of this purpose is the purchase order. By use of the purchase order, which passes through many hands, unauthorized purchases are prevented. The second purpose is to keep people informed on progress as compared to plans. Budget comparisons are a good example of this type of control.

Proper controls can also give predictions of trends and forecast results. Inventory controls indicate overproduction or scarcity or trends toward increasing or decreasing prices. Over time, such controls result in better forecasts of performance.

The three purposes of control listed above indicate whether plans are moving along satisfactorily or whether remedial action is necessary. When remedial action is needed, controls should have been designed to provide the maximum amount of information to be used in planning such action. Over long periods of time these controls will also show the source of recurring problems and indicate steps which may be taken to prevent the recurrence of this type of situation in the future.

The last purpose of controls is to provide information which may be useful in future planning. The information received from this type of control becomes part of the know-how of the business.

Principles of Control

For controls to be most effective, the controlling function should overlay and regulate all plans and performance. Concentration upon exceptions to the expected results greatly expedites managerial control. There are certain principles of control which must be mastered if the controlling function is to be carried on effectively.

First, it is necessary to know the five purposes of control outlined above. It goes without saying, that the purposes of control must be known and used in an effective control system.

The objectives and goals of the control program must be communicated to the personnel in the business. If production personnel understand the firm's objective and goal in imposing quality control, for instance, many of the difficulties arising under the quality control system can be solved easily.

By establishing policies and auditing the conformity of the firm to them, controls in some areas of the business can be handled very efficiently. The use of audited policies also assures uniform practices and fairness in dealing with recurring situations. Strategic points of control can be

established to further reduce the amount of effort required for an effective control system. Each part of the business has certain key indicators which can be used in the control system and greatly reduce the amount of time spent in performing the controlling function.

Specific standards should be set in advance. If standards are not clearly stated, they are not used during the production process. When stated specifically, they perform the purpose for which they were designed and result in controlled standardized work.

The establishment of danger zones and warning signals gives the manager prior warning that situations are developing which need his attention. These signals may come from one of the strategic points of control or they may arise in parts of the business needing very little control.

In addition to communicating the objectives and goals of the business in order to decrease control problems, responsibility for meeting standards must be fixed. If the responsibility for meeting standards of performance is placed with production personnel for instance, then problems growing out of clashes between quality control and production personnel can be reduced.

The area of control with which most managers are most familiar is that of records and reports. It is not enough to have just records and reports -- they must tell you something. Records can be used to prevent the occurrence of conditions which result in surprise situations. They also reveal opportunities for changes in the business and changes in plans to overcome unexpected conditions.



Management also has the responsibility for providing training for personnel in the proper use of controls. Only through training in the use

of controls, understanding the objectives and goals of the control program and of the business, can personnel be expected to perform their activities in a manner which achieves the standards set up for the activity.

As in all types of activities, the personnel, in addition to understanding the reasons for the activity, must be provided with an incentive to do the job. Providing rewards for persons who exercise the control function effectively is a means to this end. The rewards may be of any type, monetary or non-monetary, but they must provide the incentive to do the job and create a feeling of satisfaction among employees with a job well done.



Systematic Decision Making

SECTION I

CHAPTER VIII

Chapter VIII

SYSTEMATIC DECISION MAKING

Throughout our discussion of the functions of management, we have come upon the words "decision-making" time after time. In translating the thoughts and ideas of management into action, the key words are decision-making. As a matter of fact, management's job can be summed up in these two words.

Since decision-making is so vitally important and such an integral part of management, it is only right that we devote a chapter to this function. All of the functions of management planning, organizing, directing, coordinating and controlling have as their objective the making of a decision and seeing that the decision is put into an action program.

Why Systematic Decision-Making?

Decision-making can be done in a number of ways. The various methods, however, don't always assure success in decision-making. Although every decision involves the use of judgment, because decisions are made upon the basis of imperfect knowledge and uncertain future conditions, the quality of the decision and the resulting profitability to the business are dependent upon the method by which decisions are made.

Decision-making involves establishing a systematic method which, when followed in every decision, leads to consistent and sound decisions. No matter how long a time period is involved in the decision-making process, each decision should be made in a systematic fashion.

Six Steps in Decision Making

Every decision involves six steps whether the decision is made consciously or unconsciously, whether it is an operational or an administrative decision.

Recognition of the Problem

In the previous discussion of planning, the necessity of using goals and objectives as guides in planning was discussed. In stating the problem, the goals and objectives of the business are used as a framework for problem recognition. The problem presents itself in terms of a specific objective or goal. Some additional insights into the problem may be gained by stating the problem in this way.

Once the problem has been stated in terms of a specific objective

of the business are probably the best, because they deal with the specific situation of the business, and they can be easily obtained if the accounts are properly kept. Other sources include published research reports, specifications given by manufacturers of equipment, and market survey information.

After obtaining these figures, separate fixed and variable expenses so that totals of each can be projected directly: for example, fixed expenses per machine are dependent upon the number of machines used while variable expenses are dependent upon how long each machine is used - how much is processed per unit of time. Overhead expenses should be lumped together and distributed among the various activities of the business affected by the alternative solution.



Much of the work of assembling the necessary figures for the evaluation of workable alternatives can be delegated to subordinates. Most bookkeepers should be able to do this as well as the manager, once they thoroughly understand what is wanted. The involvement of subordinates in the decision process is also good human relations and can serve to break down any resistance to change which may come during the action phase.

After gathering figures and making projections, the effect of the net income of the business should be summarized for each alternative. The use of summarized figures make the job of evaluation much easier.

Evaluation of the Alternatives on the Basis of Projected Information

The manager must, since decision making is subjective and requires experience and ability, make the final evaluation of the alternatives. From experience the manager knows that the decision will have to be based upon more than simply a comparison of the projected net income figures for the several alternatives.

The following questions represent some of the items which must be considered:

1. Should some figures or activities in the business be weighed more heavily than others?
2. Was the source of the information used for the projections under the different alternatives equally reliable?
3. Is the accuracy of the information used for some of the projections open to question?
4. How reliable are the various projections themselves?
What assumptions underlie these projections?
5. Was complete information obtained for all alternatives?
6. What other factors should be considered? New technology or processes? Changes in local conditions?

During the evaluation process, the manager must determine which alternative to follow. After considering the various alternatives, he may be faced with the problem that two or more alternatives seem to be equally good. In such cases, choice should be made by obtaining more information on each alternative and reevaluating them on the basis of this new information.

Occasionally during the evaluation process, the manager may discover that additional alternatives may be suggested. Usually these alternatives will represent some combination of alternatives previously considered or some change in the method used to accomplish the objective desired. New alternatives should be given the same systematic treatment as outlined above.

Formation of the Conclusion in Terms of Action

The real outward expression of the function of the manager is action. Thus, the final step in any decision process results in formulating the alternative chosen into an action program.

Plans must be made to assure the systematic achievement of the objective. Organizational changes, if there are any, must be planned and implemented. Lines of responsibility and delegation of authority must be established, acceptance by employees, customers, and others affected must be won; and controls must be set up to inform management of the progress of the plans. Any special problems such as financing, management changes, legal, income tax, and obtaining personnel with new skills must be thoroughly thought through and solved.

As far as the day-to-day business operation is concerned, implementing the decision, the when and how of decision-making, is the most important step of the decision-making process. By following through the six steps in making every decision, the manager will assure that consistent, well thought through, and logical decisions are always made. His over-all batting average as a decision-maker will be raised through the use of the systematic process of decision-making.



Auditing and Appraising Management

SECTION I
CHAPTER IX

Chapter IX

AUDITING AND APPRAISING MANAGEMENT

Management is constantly carrying on an audit and appraisal of its performance. Each report, chart, inspection or memo reflects this constant appraisal. However, this type of audit and appraisal combines both the what and who aspects of the management job and in a rather detailed fashion.

Because the what and who aspects are combined in a report and because of the necessary detail included in reports, management seldom has a chance to audit and appraise its over-all effectiveness. Executive appraisals, the who of management, will be discussed in the chapter on self-improvement. In this chapter we are interested in the over-all performance of management, the what of the management job.

Because of the integrated nature of the job of managing, the discovery of weak spots in the management chain is of vital importance to the success of the firm. Thus, from time to time, management must audit and appraise its over-all functioning in an objective manner.

Timing the Appraisal

There is, of course, no general statement which can be made concerning when and how appraisals of management should be made. As a matter of fact, unflexible scheduling of management appraisals may result in a poor use of time and excessive costs.

Each business should look at its own situation and plan the management appraisal from its own point of view. In situations of rapid growth and expansion, audits and appraisals may be necessary after very short intervals of time or may be concentrated on those areas of the business in which changes have occurred. After several appraisals have been made, attention may be given to those areas which need improvement and where an effort is being made to bring about improvement.

Who Should Make the Appraisal?

The general manager of the business bears the responsibility for assuring that all possible improvements in the business are being made. However, in most cases, the general manager may set up a committee to help him with the appraisal and audit.

In some instances, especially where the manager has only a limited amount of time which he can devote to the audit, the use of a consulting

service will be justified and extremely helpful. The use of consultants may not only save time, but may bring to the attention of management possible improvements which might have been overlooked. However, the selection of a consulting firm qualified to do the job may consume almost as much time as the audit.

Appraisal Follow-up

The purpose of the audit and appraisal is not to make a good score -- it is to suggest areas in which improvement is needed. Consequently, the most important responsibility of management is to follow up the appraisal with specific plans for correcting the existing problems.

Here, again, we return to the five functions of management, planning, organizing, directing, coordinating, and controlling. All of these functions come into play as management follows up the management audit and appraisal with specific remedial action.

Form For Auditing and Appraising the Over-all Management of a Business Enterprise (Includes Board and Management)

INSTRUCTIONS

The form provides a device for rating the management effectiveness of both the board and management. Since it is assumed that the primary purpose of the appraisal is to identify where improvements should be made, it is recommended that in addition to recording the ratings on the form, two records be made during the rating:

- 1st: The conditions and factors which cause less than satisfactory ratings;
- 2nd: The suggestions for changes or improvements which occur as the ratings are made.

The items on which ratings are to be recorded are grouped into fifteen major categories, five of which apply primarily to the board and the relation of the chief executive to the board, and ten which apply primarily to the operations as carried on by the management.

The fifteen categories are as follows:

- A. The Socio-Economic Function of the Enterprise
- B. The Corporate Structure

- C. The Board Composition and Function
- D. Financing and Facilities
- E. The Chief Executive in Relation to the Board
- F. Improvement, Investigation and Research
- G. Policy Formulation and Interpretation
- H. Work Planning
- I. Setting Up the Organization Structure
- J. Staffing and Developing Personnel
- K. Maintaining Morale and Human Relations
- L. Executive (or Supervisory) Direction
- M. Maintenance of Coordination
- N. Use of Controls
- O. Public Relations

AUDITING AND APPRAISING THE OVERALL MANAGEMENT OF A BUSINESS ENTERPRISE

Legend:

- Col. A -- Entirely Satisfactory
- Col. B -- Could be Improved but not Regarded as Source of Difficulties
- Col. C -- Needs Improvement and is a Source of Some, but not Major Difficulties
- Col. D -- Source of Major Difficulties and Could be Improved
- Col. E -- Source of Major Difficulties, but Doubt Possibility of Making Improvements under Existing Conditions

KEY QUESTIONS	A	B	C	D	E
A. <u>THE SOCIO-ECONOMIC FUNCTION OF THE ENTERPRISE</u>					
(1) 1. Are the objectives of the enterprise clear cut, up-to-date, understood and taken into account in current operations?					
(2) 2. Do the current purposes and programs of the enterprise check with the basic reasons for its origin? If not, are they supported by present conditions and needs? In brief, has the enterprise good and sufficient reason for being in business.					
(3) 3. Has the socio-economic outlook of all groups of management kept pace with social and economic changes?					
B. <u>THE CORPORATE STRUCTURE</u>					
(4) 1. Does the corporate structure clearly indicate the ultimate source of authority and the respective responsibilities and authorities of stockholders, Board of Directors & Management?					

- (5) 2. Is the structure consistent with the purposes and the philosophy of the enterprise?
- (6) 3. Does the structure meet the legal requirements?
- (7) 4. Does the structure make it possible for qualified Management to function effectively?

C. THE BOARD COMPOSITION AND FUNCTION

- (8) 1. Are the respective functions and authorities of Board and Management clearly distinguished? Appropriate? Observed in practice?
- (9) 2. Does selection of Board members provide adequately for sensitivity to objectives, concern for customers, concern for employee satisfactions, qualifications for judgement and decision, ability to provide needed resources, prestige and confidence of the public?
- (10) 3. Can changes be made in Board membership as needed and justified by changing conditions?
- (11) 4. Are the meetings conducted effectively?
- (12) 5. Does the Board permit and encourage periodic appraisal of its functionings?
- (13) 6. Does the Board maintain appropriate balance between long range and short range planning?
- (14) 7. Does the Board provide guiding policies which free and assist Management with respect to its appropriate responsibilities?

KEY QUESTIONS		A	B	C	D	E
(15)	8. Does the Board refrain as a group and as individuals from taking over or "mixing in" on matters which properly belong to Management?					
(16)	9. Does the Board set up adequate and appropriate controls?					
(17)	10. Does the Board recognize its responsibility for selecting and retaining qualified general management?					
(18)	11. Do Board members maintain appropriate balance between representing a special constituency and on the other hand thinking in terms of the enterprise as a whole?					
(19)	12. Are Board members skilled in asking discerning questions regarding operations?					
D. <u>FINANCING AND FACILITIES</u>						
(20)	1. Are capital funds, including liquid assets and working capital, adequate for objectives and plans?					
(21)	2. Are investments soundly made and reasonably protected?					
(22)	3. Are inventories properly planned and controlled?					
(23)	4. Are "earnings" on operations and on invested funds favorable compared to competition?					
(24)	5. Are dividends (or benefits) adequate and distributed in ways which maintain confidence and support of present and prospective investors?					

- (25) 6. Are funds for replacement, expansion, and for improvement of products and services systematically provided and adequate?
- (26) 7. Is the economics of basic financing sound and far sighted?
- (27) 8. Is the economics of current financial operations sound and far sighted?

E. THE CHIEF EXECUTIVE IN RELATION TO THE BOARD

- (28) 1. Does the Chief Executive recognize and perform both his major functions in appropriate balance?
 - (a) advise and assist the Board with respect to its functions?
 - (b) direct and coordinate the operations of the enterprise?
- (29) 2. Does the Board delegate responsibility and appropriate authority to the Chief Executive or does the Board tend to carry on some general management functions?
- (30) 3. Does the Board make it easy or difficult for the Chief Executive to take appropriate action in selecting, directing, disciplining or releasing staff members?
- (31) 4. Is the Chief Executive free to make recommendations to the Board according to his best judgment?
- (32) 5. Does the Chief Executive present matters, including regular reports, to the Board in the most effective form for their consideration and decision?
- (33) 6. Does the Chief Executive ask the Board for too many decisions on matters which he and his staff should decide?

KEY QUESTIONS	A	B	C	D	E
<p>(34) 7. Does the Board support the Chief Executive appropriately when he functions within established policies and the responsibilities and authorities delegated?</p>					
<p>F. <u>IMPROVEMENT, INVESTIGATION AND RESEARCH</u></p> <p>(35) 1. Is there provision for systematic study or research in the improvement of product or services?</p> <p>(36) 2. Are methods of operations critically reviewed periodically by qualified persons?</p> <p>(37) 3. Does each member of the management team recognize his responsibility for continuously seeking for improvement and is he qualified to do so?</p>					
<p>G. <u>POLICY FORMULATION AND INTERPRETATION</u></p> <p>(38) 1. Are clear cut statements of the company's overall objectives formulated and released to all members of management affected?</p> <p>(39) 2. Have policies been formulated covering all the regular recurring operations on which decisions have to be made from time to time?</p> <p>(40) 3. Are the policies as defined (or implied by practices) appropriate, progressive, consistent?</p> <p>(41) 4. Are policies uniformly understood, accepted and complied with?</p> <p>(42) 5. Are executives qualified to think in terms of policies in planning, directing and controlling?</p>					

H. WORK PLANNING

- (43) 1. Are operations adequately planned on both a long range and a short term basis in harmony with objectives or are operations determined on an expediency emergency basis?
- (44) 2. Have adequate marketing analyses been completed which portray the potential business volume or service requirements of the company over the next several years?
- (45) 3. Are plans realistic, providing for facilities, finance and personnel and do they take into account both past experience and current conditions?
- (46) 4. Are plans flexible?
- (47) 5. Are plans interpreted into schedules far enough ahead?
- (48) 6. Do the proper persons participate in planning?
- (49) 7. Do executives know the basic principles of planning?

I. SETTING UP THE ORGANIZATION STRUCTURE

- (50) 1. Is there a clear cut organization plan consistent with the work to be accomplished?
- (51) 2. Are the functions, authorities and relationships of the various organization units clearly established?
- (52) 3. Are there detailed position descriptions for executives and supervisors making clear their responsibilities, authorities and relationships?

KEY QUESTIONS		A	B	C	D	E
(53) 4. Do enough positions within each department, and the company as a whole, provide a natural ladder of progression and increasing scope so that employees are in training for advancement when vacancies occur?						
(54) 5. Are lines of command, source of advice, and channels of communication definite and clear cut?						
(55) 6. Do executives and supervisors know, accept and conform to the organization plan?						
(56) 7. Does the organization plan conform to the principles of sound organization and provide for specializations, ease of direction, flexibility and stability?						
J. <u>STAFFING AND DEVELOPING PERSONNEL</u>						
(57) 1. Have qualification standards for each position been prescribed in terms of specific knowledge, skills, and personal qualities required?						
(58) 2. Are qualified persons selected against position requirements and properly assigned in the organization?						
(59) 3. Are the management personnel requirements projected far enough ahead (3 to 5 years) and are qualified replacements available as needed?						
(60) 4. Is there a systematic plan of developing management personnel, not only to provide replacements, but also to keep present personnel up to date and functioning effectively, both as individuals and as working teams?						

- (61) 5. Is there a periodic appraisal of performance and potentials of each executive as a basis for appropriate programs of development?
- (62) 6. Are executives and supervisors qualified to develop subordinates? Are they held responsible for such?

K. MAINTAINING MORALE AND HUMAN RELATIONS

- (63) 1. Are policies, plans and decisions appraised in the light of their effect on persons?
- (64) 2. Do persons affected have opportunity to participate in or contribute to the making of policies, plans and decisions?
- (65) 3. Is there constant effort to provide basic satisfactions of security, recognition, expression, opportunity and sense of belonging for all personnel?
- (66) 4. Are salaries and rewards determined objectively on the basis of position evaluations and performance appraisals?
- (67) 5. Are executives and supervisors skilled in techniques of wholesome human relations, particularly in handling grievances and complaints, correcting mistakes, giving recognition and building morale?
- (68) 6. Are the relations with organized labor based on sound and adequately defined policies? Are the practices consistent and wholesome?

L. EXECUTIVE (OR SUPERVISORY) DIRECTION

- (69) 1. Are working conditions conducive to maximum effort?

KEY QUESTIONS		A	B	C	D	E
(70)	2. Are work assignments fair and directions clear and complete? Do they tell why as well as what?					
(71)	3. Are positions evaluated and performance appraised objectively and periodically?					
(72)	4. Are standards of performance - or results known? and accepted?					
(73)	5. Are defined organization relationships observed or is there "by passing" and assumption of authorities or other violations of "the rules of the game"?					
(74)	6. Are direction, motivation, discipline and loyalty maintained through domination, use of position authority and fear, or are "results from others" obtained through the influence of democratic leadership and the use of appropriate incentives?					
(75)	7. Has the Consultative Management point of view been stated in policies and standard procedures? Is Consultative Management effectively practiced?					
<u>M. MAINTENANCE OF COORDINATION</u>						
(76)	1. Are clearly defined channels of communication, down, up and across organization lines kept open and used consistently?					
(77)	2. Does each organization unit (division, department or working team) understand how other units affect it and how it can help or hinder each other unit? Does each unit seek then to cooperate?					

(78) 3. Do executives and supervisors have time for adequate coordination and practice it?

N. USE OF CONTROLS

(79) 1. Does management think of controls in terms of "prevention" and "restriction" or does it regard controls as consisting of:

- (a) Keeping informed regarding progress compared to plans and schedules;
- (b) Interpretation of trends and prediction of results;
- (c) Knowing where, when and how to initiate remedial action in time to prevent serious deviations;
- (d) The basis for setting new goals and outlining new plans.

(80) 2. Does management, in exercising control, make effective use of clear cut policies and standards of performance which guide subordinates in making the most of the required decisions regarding repetitive operations without the necessity of getting approvals?

(81) 3. Does management, in exercising control, clearly delegate adequate authority so that each person knows when he can decide without incurring displeasure?

(82) 4. Does management, in exercising control, have and make effective use of budgets, operating statements, cost reports and periodic progress reports so it knows how achievement compares to plans and what results can be expected?

KEY QUESTIONS		A	B	C	D	E
(83)	5. Does management, in exercising control, concentrate on administrative decisions which deal principally with exceptions and special problems rather than routine, repetitive day by day operations?					
(84)	6. Does management, in exercising control, make consistent use of "non-statistical" controls, such as observations, conversations and meetings to keep informed and to predict results?					
(85)	7. Does management, in exercising control, have available persons who are qualified and willing to act dependably within the above control framework?					
(86)	8. Does Top Management periodically appraise and question every control, every record, and every report that it requires? In terms of needs? Costs?					
O. <u>PUBLIC RELATIONS</u>						
(87)	1. Is management fully aware of its relationships to and responsibilities with regard to the community in which it operates?					
(88)	2. Does it have an adequate public relations program for its community relations? Is it effective?					
(89)	3. Is management aware of and concerned regarding the effect of its policies and operations on public opinion beyond the community?					
(90)	4. Does it have an adequate public relations program beyond the community? Is it effective?					



Human Relations

SECTION I

CHAPTER X

Chapter X

HUMAN RELATIONS

What is the concept of human relations?

The simplest definition of human relations is that it is the relationship between two or more individuals or groups of individuals. To the manager, human relations is the relationship between him and his subordinates, the community, and his business and social associates. Many managers fail to recognize the existence of a human relations responsibility to the last two categories - the community and business and social associates. Yet these relationships are an integral part of his total human relations program.

Why is human relations important to management?

The future success of business in our rapidly changing society depends to a large extent upon meeting the emotional needs of the employee, the consumer and society. Management has been defined as getting work done through people. No definition could more forcefully emphasize the importance of human relations to management.

Good human relations are the result of the recognition on the part of management of the human relations responsibility. Management must be convinced that people are important as individuals and as employees in furthering the long term interests of the business. A business which puts as much or more emphasis on people as on machines, products and sales will have few serious personnel problems.

An example of the emphasis which some businesses place on personnel has been given by Dr. Dannie Moffie, Vice President of Hanes Hosiery Company. He said, "A recent study of supervisors at Hanes Hosiery Company has shown that supervisors spend 75 per cent of their time dealing with people and 25 per cent with production." Thus the importance of people and "people problems" is strikingly emphasized in this single example. Many other similar examples could be cited to emphasize the importance of human relations to management.

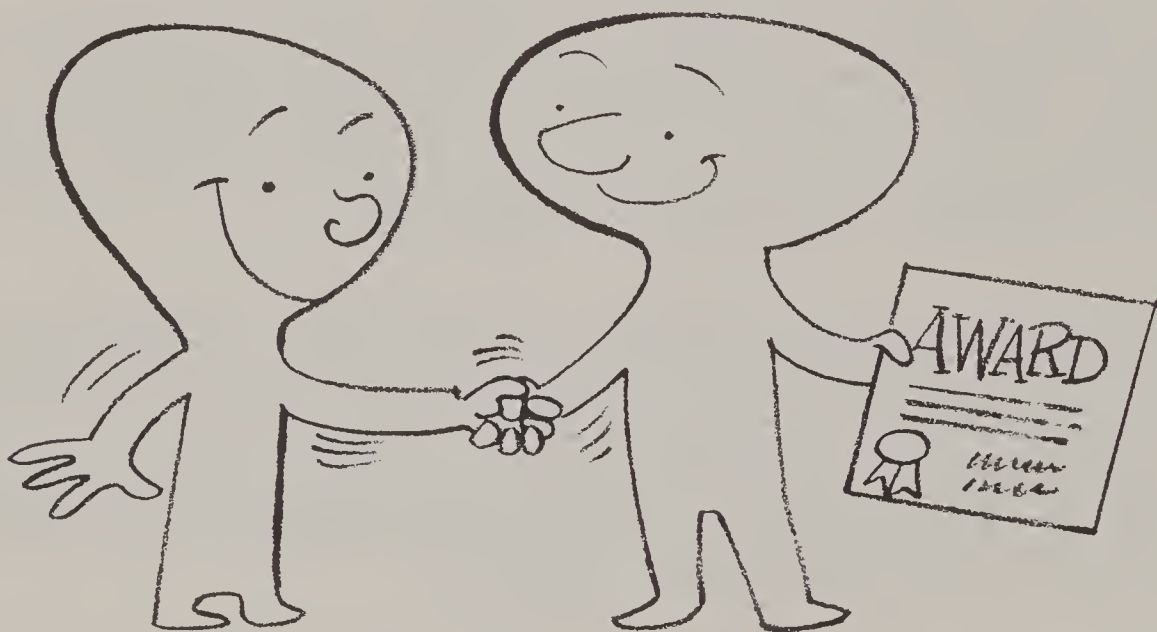
Basic Needs Which Must Be Met in Human Relations

Personnel programs which aid the human relations of a business are based on three basic needs of people:

Belonging, Recognition, Security

Belonging is, briefly, the desire to be one of a group and to be treated as such. Perhaps the best example of the need to belong and the lengths to which people will go to fulfill this desire is the admittance into a clique. Many a nonconformist has changed his ways to meet the requirements of the clique group and to gain admittance to the clique. The desire to belong is very strong and must be recognized for a successful personnel relations program.

Within the management group, the desire to belong is seen in departmental loyalty, the friendly arguments about whose job is more important, the swift motion and teamwork when a crisis occurs. All of these actions stem from the feeling of belonging to the team.



Recognition is the desire to be treated as an individual within an occupational class. The desire for recognition as an individual is usually satisfied when the "Boss" singles the individual out from the group and congratulates him for a job well done. Desire for recognition can manifest itself in two ways: first, in the manner mentioned above and second, in a job so poorly done that recognition will immediately be forthcoming from management. Proper recognition for the job well done precludes the need for recognition of the second type of work habits.

Security is the desire to feel secure in your present job and to understand the reasons for adjustments in the jobs and personnel with whom you are associated. Many managers think that security merely involves wage administration and nothing else, which, although important,

is only part of the story. Security on the job results from clearly defined job descriptions, responsibility and authority, and an attempt by management to explain reasons for adjustments in personnel. Management should never be ashamed to state their reasons for adjustments in personnel. If they are ashamed, then they should look at their methods of selection, training, and company policies to determine how to correct this situation. Of course, there will be times, when out of respect for an individual's personal feelings, the company will be placed in the position of refusing to generally distribute this type of information. However, it is much better for management to handle the information job, than to let the "grape-vine" do it.

Selection of Personnel

Personnel selection is the foundation upon which a good human relations program is built. Proper selection by management of qualified personnel can greatly aid in the establishment of proper working relationships and provide the basic ingredients for a sound human relations program. A company is only as good as the people it employs, for qualified, well-trained personnel are the greatest asset a company can have, one which no other company can exactly duplicate.

Volumes have been written upon successful methods of selection; years of research and attempts at validation lie behind these works. Without intending to slight the use of various techniques which can be used for selection, managers must keep in mind that there is no single conclusive method by which a business can determine a worker's suitability for a job. The use of several different methods in combination can, however, reduce the errors made through reliance on a single method.

Perhaps the most widely used method, other than the personal interview, is psychological testing. When psychological tests are used, they can greatly aid in the selection process and in fitting people into jobs for which they are adapted. However, psychological tests must be given and scored by personnel trained in their use and applicability.

For certain manual tasks, tests have been developed to measure manual dexterity - the ability to coordinate hands and brain. Failure to recognize the need for the proper mental and physical qualifications for a job can lead to serious human relations problems in the future. Tests can also be used to determine the ability of the person to learn new and varied tasks. In some jobs the ability to learn may be more important than the possession of current qualifications.

Personnel people constantly emphasize the necessity for validation of selection methods - that is, do the methods used get results in terms

of production. The final measure of any selection program is actual job performance. The manager and his staff must never become so intrigued with method that they lose sight of end results.

As an example of the type of policy which a business could have in the area of selection of personnel, let us look at the following five point program developed by Illinois Farm Supply Company.

1. To conduct our business at all times in such a manner that we develop a reputation as a good employer thus making it easier to attract qualified applicants with potential for growth.
2. To select applicants for future management positions based on leadership and their ability to deal with people as well as on their technical competence.
3. To use the personal interview as the basic technique for evaluating an employee's qualifications based on past performance.
4. To use other practical techniques such as tests for determining qualifications as a supplement to the personal interview.
5. To use physical examinations to make certain employees meet the physical requirements for the position.

Training

It is not enough to merely assure that the selection function has been carried out properly; management also has the responsibility of training personnel. Training, of course, is much more than giving someone the necessary tools with which to do a job.

Training provides for proper orientation concerning the objectives and goals of the company, company policies and procedures, and, in some cases, the general company philosophy. Training, along with developing knowledge and skills, must develop the proper attitudes toward certain types of jobs and for the development of human relations techniques and skills.

Promotion

The question of promotion of personnel can cause serious human relations problems, if it is not thought through, thoroughly and clearly planned and stated. After proper selection and training, the man must feel that is he going somewhere - this going somewhere is promotion. Promotion can be in one of several ways - new job, new title, increased

salary, and added responsibilities and authority.

Some of the human relations problems which arise in business stem from lack of understanding on the part of personnel of the means whereby promotion can be gained. Most often this lack of understanding results from an unclear statement of the responsibilities of the current job.



Another cause of human relations problems in the promotion area results from lack of information concerning the possibilities for promotion. If the president of the business is always to be brought in from outside or if the presidency is to remain in the major stockholders' family, personnel within the organization should be informed of this policy. Because the top positions are closed, it does not necessarily follow that a good competitive spirit cannot be developed for the other management positions. Nothing creates harder feelings than the disappointment that results after years of striving for a promotion that was never really available.

Requirements of a Good Human Relations Program

There are eight requirements which should be met by a good human relations program.

1. Top management must determine where the field of human relations fits into the over-all management concept.

2. Management must vest in the person held responsible for personnel work adequate authority for him to carry out the responsibility of his post.
3. The person in charge of human relations must make certain that all levels of management understand and agree with the basic policies of the human relation program and the way in which they will be administered in day to day contact.
4. The person in charge of human relations should work patiently, but determinedly, to remove roadblocks to understanding and cooperation between labor and management.
5. The person in charge of human relations should remove any distrust of the business by selling the personnel on the integrity of the business, the reputation of its products, and his own sincerity and honesty.
6. The person in charge of human relations should be ready at any time to discuss employee grievances and to explain the business's position concerning the problem.
7. The person in charge of human relations should inform all levels of management concerning the details of all settlements of grievances.
8. The person in charge of human relations should develop a definite code of ethics and a philosophy for the business's human relations program and see that all levels of management understand this code and philosophy.

The eight points stated above do not state what should be contained in the human relations program, but offer a guide for setting the program up. The content of a good human relations program, is necessarily, left up to the business itself, because of the variability of operating conditions.

Ten Commandments of Good Management

In the column, "The President's Scratchpad," MANAGEMENT NEWS of October 1956, Lawrence Appley, President of the American Management Association outlined "Ten Commandments of Good Management," most of which deal with human relations.

1. Identify the people of an organization as its greatest asset.
2. Make profit to continue rendering service.

3. Approach every task in an organized conscious manner so that the outcome will not be left to chance.
4. Establish definite long and short-range objectives to insure greater accomplishment.
5. Secure full attainment of objectives through general understanding and acceptance of them by others.
6. Keep individual members of the team well adjusted by seeing that each one knows what he is supposed to do, how well he is supposed to do it, what his authority is, and what his work relationships with others should be.
7. Concentrate on individual improvement through regular review of performance and potential.
8. Provide opportunity for assistance and guidance in self-development as a fundamental of institutional growth.
9. Maintain adequate and timely incentives and rewards for increase in human effort.
10. Supply work satisfactions for those who perform the work and those who are served by it.

Each of the ten commandments listed above can be applied either directly or indirectly to the human relations task. If they are combined with the five fundamentals of human relations as listed by James F. Stiles, Jr., of Abbott Laboratories, North Chicago, the necessary content of a sound human relations program can easily be seen.

Fundamentals of Human Relations

1. Before God, every man is equal.
2. Every employee's job is just as important to him as yours is to you.
3. You and the employee are members of the same team, and he, as an individual, wants to feel that he belongs to something and is not a lone wolf or an outcast who has reached the point where he can no longer speak for himself.
4. Every employee wants to feel he is working with friends in his own group and the company as a whole is interested in him and

likes him - that he is a person and not a statistic.

5. Every employee wants to make progress. He will believe he can make progress and grow when he recognizes in other associates who get promotions the ability they have justifies the responsibility they receive. This inspires him with the idea that there is a future for him, limited only by the future progress of the company - if he has what it takes.



Self-Improvement

SECTION I

CHAPTER XI

Chapter XI

SELF-IMPROVEMENT

Introduction

Education is usually viewed as the teaching of a pupil by a teacher. Real education, however, is that which a person does for himself. Self-improvement is real education; the motivation is there and the knowledge awaits mastery.

Understanding Ourselves

We are individuals and as individuals we differ from all other individuals. Granted, we may have friends who enjoy the same things that we do -- basketball, fishing, and so forth; but each one of us gets a different, individual satisfaction from doing something. Each person is just enough different from all others to make life interesting.

Because of our individual differences, our needs and our resources are peculiar only to us. You have observed in people this difference in needs: some people need to talk about themselves to gain security, others have to have money for security, some must have strong friendship bonds for security, and on and on. But always, the amount of security needed is just a little bit different for each person.

Our abilities and resources differ also. One person may be a whiz at mathematics, but couldn't change a spark plug in his car if his life depended upon it. Someone else will have a completely different set of resources: he may be a good plug changer, but he can't add two and two.

The first step in any self-improvement program is to understand fully your individual difference from others and your set of needs and resources. This, of course, is more easily said than done, for it is extremely hard to be objective about yourself. Sometimes the use of a battery of psychological tests administered by a competent person can aid in the discovery of needs and resources.

After the consideration of needs and resources, the next step in self-improvement is to think through and write down your beliefs. To make sure you are absolutely honest with yourself, plan not to show this list to anyone. The more time you put on this phase of understanding yourself, the easier it will be to organize a worthwhile self-improvement program, for your beliefs will modify everything you study, either accepting them or rejecting them. If, during the examination of your beliefs, you come across some of which you're not sure, check them and see if you

can't find facts to either support or destroy them. If you can do this, you are on your way to self-improvement.

Now that you have thought through your personality, that is, your needs, resources, and beliefs, compare this personality with that of your organization. Can you find conflicts? If so, why do they exist? Can they be corrected? How much of your personality does the organization use? Can you find uses for that which is left over, or can you develop parts of your personality which the organization wants, but which you can't give it? To be happy in your work, questions like the above must be answered honestly.

Why Improve?

A complete understanding of yourself naturally lends to the question: Why improve? Have you satisfied all your needs, which you have outlined on your present job? Do you see opportunities for improving your functioning in your present position? Self-analysis should give you the answer to the question: Why improve? The need for improvement should arise from the feeling that you have needs which remain unsatisfied; seeing areas of your present job which could be improved, and really beginning to understand yourself and your relationship to your job.

In thinking about your present job, questions may arise concerning what the future may bring. Can you meet the requirements of the job tomorrow? Even if you are satisfied with the job you are doing right now, will this performance be good enough for tomorrow? In a rapidly changing world, your answer must be NO. The ability to look ahead and to plan for tomorrow's job requirements is one of the most important steps in self-improvement and sometimes the hardest one to think about. Complacency, self-satisfaction, and egotism have no place in a program of self-improvement.

Many who are complacent, self-satisfied, or egotistic will try to dodge the responsibility for self-improvement by saying that the sacrifice is too great, or the rewards too meager.

Many times they will be correct as far as they go. Usually a person with these attitudes has taken into account only the economic aspects of self-improvement and has completely ignored the non-economic aspects. Besides the economic rewards from self-improvement, one gets the satisfaction of accomplishment - the feeling that you're ready for new challenges, ready to grow. Growth is the key that unlocks the real potential within man. The desire for growth intellectually is one of the surest ways of separating man from man, making one man chief, the others subordinates.

A Plan for Self-improvement

The first step in planning for self-development is to take a good look at your job. Review the job description and compare your performance with the objectives set forth. Try to establish both the formal and informal boundaries to your job. Many times you will find that you are exceeding the formal boundaries, but have not come close to the informal boundaries, that is, what you are really allowed to do.

Look at your job in terms of the organizational chart. Become familiar with the formal lines of communication which have been set up. Compare your job in terms of relationships with the formal relationships established in the organization chart.

To begin self-development, you will need to set up performance standards. Make these standards realistic, not idealistic. Use the evaluation of your resources to determine how good is "good." By setting performance standards realistically and doing your best at all times, you determine what is meant by "good."

After you have become thoroughly familiar with your job description and have set standards for growth, the next step is to look at what channels may be used to achieve self-improvement. Determine whose responsibility self-improvement will be; does the company offer training, or must you set up your own training program. Can you get guidance from company officials? Ultimately, of course, the responsibility for self-improvement lies with you. The company can only offer opportunity, help to motivate, encourage, and direct -- you must do the learning.

Some Techniques for Self-improvement

The decision to develop a plan and a program for self-improvement always remains with the individual. However, if management has specific plans and goals for self-improvement for individuals, they can provide the necessary motivation and information to aid in developing a sound program.

In addition to helping others improve their knowledge and skills, management can learn a great deal from the exchange of ideas with subordinates. To be sure that the meetings are fruitful both to the manager and the subordinate, certain techniques can be used.

The first of these techniques is the performance review. Performance reviews should be set up to answer the following questions:

1. What is expected? In terms of the objective.

2. How are we doing? In terms of results.
3. How can we improve? In terms of planned action.
4. Why is it important to improve? In terms of motivation.

A performance review is a planned private discussion and exchange between each subordinate and the person to whom he reports. This review covers the objectives, current performance on the present job, results and accomplishments, and the areas for improvement; this review should be conducted as often as needed, but at least annually. Its objective is to recognize progress, to develop mutual understanding, and to plan for more effective performance.

There are certain steps to follow, in developing and conducting a performance review, which are given in the following sections.

GETTING READY - YOU AND YOUR SUBORDINATES

1. As the first step in getting ready for a performance review, it is necessary that you and each of your subordinates agree upon what is expected in terms of results. For each management position there should be a statement of conditions which exist when a high level of satisfactory performance has been attained.
2. This statement should be developed jointly by the supervisor and subordinate to meet the following criteria:
 - a. Accountability and responsibility are fixed in writing.
 - b. Expected results are attainable and expressed in terms of quantity, quality, service, expense, and time.
 - c. Significant factors which really matter and are within the control of the incumbent are covered.
 - d. Means which enable measurement by the subordinate and the supervisor should be set up.
 - e. Priorities should be established.
 - f. The statement should be used continuously in communication of what is expected, what is being accomplished in terms of results, and how improvement can be attained.
3. Using this statement of objectives, ask the subordinate to prepare

for the discussion by thinking through the results which he is getting, a few areas in which he can do even better, what will be required for this improvement, and what you can do, refrain from doing, or do differently which will help him improve his results.

4. Schedule a time and place that will be convenient, private, and comfortable for the actual performance review. Allow plenty of time for the discussion. Avoid interruptions and don't hurry.
5. Think through in objective terms what you expect of him on his present job. What results do you expect in each of the management areas for which he is responsible? What measures do you and he have to determine how well he is doing? Review the man's job description, factors of accountability, performance standards, job objectives, and related operating records.
6. What results is this man getting? How is he doing in each area of responsibility? Are there areas in which he is doing too well to the neglect of other important functions? Make notes of specific examples for discussion of accomplishments and areas for improvement.
7. Think through what you are doing to help him improve performance. What more can you do in delegation, communications, coaching, facilities, stimulation, and recognition? What are you doing that impairs his performance?
8. Determine what needs to be said during the discussion: the opening, the most effective approaches, the possible reactions (yours and his). Tailor your approach to the man and the situation. Get ready to listen with interest and understanding.

THE DISCUSSION

1. Let the person know that you consider this discussion important. Be sincere, natural, and businesslike.
2. Seek understanding of yourself, the man, your mutual relationship, objectives, goals, and responsibilities. Consider accomplishments, problems, and areas for improvement. What results are being obtained? Save discussion of promotion, potential, and career for another time.
3. Listen attentively. Encourage him to talk and to ask questions. Make the person's current performance the central subject.

4. Ask him to discuss the four or five management areas he has selected for improvement. Have him discuss how he plans to improve each one. Later, ask him how he thinks you can help him improve. When you both agree on what can and should be done, make notes of the plans, goals, and objectives for your and his use later.
5. Ask him what you and his supervisor could do, refrain from doing, or do differently which would help him do an even better job. Don't ask him what is wrong with you. Don't go on the defensive or argue. Don't ask for examples. Look to the future, not the past. Nearly every subordinate has ideas concerning how his supervisor could help him, but if he does not express them, wait a while and then try some questions that may bring out suggestions; for example, "How could I improve on recognizing jobs well done?" "What additional authority do you need to meet your responsibilities?"
6. Discuss your impressions of his performance on each group of his management responsibilities. Start with those where improvement is needed. End with those on which he is doing an outstanding job. Use examples. You may find it desirable to alternate between functions on which improvement is needed and the ones which have been outstanding. Concentrate on a few areas for improvement. Avoid the "fine, but ..." technique.
7. Avoid using or thinking in terms of "weaknesses", "faults", and "shortcomings". Concentrate on results and actions, but avoid discussion of personality traits, peculiarities, and attitudes. Especially avoid dwelling on isolated incidents or mistakes of by-gone years.
8. Compare each man's performance with the standards for his present job. Do not compare one man with another. Avoid using yourself as an example. Judge operating results.
9. Keep open-minded. Be willing to change your viewpoint or even the way you do things, but do not tell others how they should be different.
10. Be careful in giving advice. Avoid such approaches as "If I were you...", or "If you did this...", or "Why don't you...". Encourage each person to work out his own plan for improvement. Help him develop insight into the reasons for his behavior and the consequences of his actions. Use questions that stimulate thinking, but avoid leading questions.
11. Be cautious in making promises. Keep the ones you make.

12. Review the points agreed upon. Be sure you have made notes of the important points, particularly plans for improvement, objectives, and targets. Whenever possible, let the man put the conclusions in his own words, with each of you having a copy for follow-up. End the discussion on an encouraging note of confidence. Schedule a follow-up meeting and make it clear that you will be looking forward to further discussion and improvement.

THE FOLLOW-UP

1. If anything comes up during a performance review which is beyond your authority or ability to handle, report the facts to your supervisor.
2. Continually capitalize on every one of your performance reviews by putting into effect the agreed-upon plans for improvement, by following up on all plans frequently, and by re-planning whenever necessary.
3. Recognize progress and keep interest alive. Keep currently informed concerning what each of your immediate subordinates wants to do, can do, and is doing. Represent each of your employees upstairs to your supervisor.
4. Keep having informal discussions of performance, progress, and results as often as possible. Try meeting at the other person's place of work, or at least on neutral ground.
5. Face up to failures.
6. Continually strive for higher standards of performance for yourself and for the individuals in your group. Keep yourself and your group improvement-minded and stretching toward definite objectives.
7. Set an example by your own performance and by your methods of managing.

INVENTORYING OF MANPOWER NEEDS AND RESOURCES

One of the aids which management can use to help with programs of self-improvement is an inventory of manpower needs and resources. Chart I is an example of the type of system which can be used in inventorying the manpower needs and resources of a business. These charts are most helpful on a departmental basis, although in small business they can be drawn up for the whole management force.

Once the inventory has been made, weak spots can be discovered. Programs of self-improvement can be outlined to overcome these

difficulties. Of course, little can be done to overcome lack of years of service and age. Health, education, growth and performance, all of these can be corrected through a good program of self-improvement, or through some other channels. If, for instance, the person receives a poor health rating, but is ranked high on all other points, something should and must be done. Many such similar situations indicate the need for a good preventative health program, either for key personnel or for the whole company.

Low performance rating should be a signal to the superior that a problem exists. If he has already tried to deal with this problem and failed, it may mean that a personnel change should be made. No business can afford the luxury of employing poor performers.

It is well to keep in mind that "manning charts" are only a means to an end - they keep you informed about personnel and their progress. Without careful consideration on the part of superiors, "manning charts" can become an end in itself and not a means to an end.

Summary

Self-improvement is a joint undertaking concerned with understanding yourself and your subordinate. By helping the subordinate understand himself, you gain insights into understanding yourself. Since you, as a superior, are held accountable for your subordinate's performance, his improvement becomes part of your improvement program and you become part of your superior's improvement program.

Improvement viewed in this way becomes synonomous with growth -- mental growth -- one of the most rewarding goals of life.

Chart I

Review of Manpower Resources and Needs

Department _____

Date _____

Name			
Job Title			
Job Grade			
Salary Range			
Salary			
Years of Service			
Age			
Health			
Education			
Growth Record			
Performance			
Promotability			
To What?			
Possible Successors			



Marketing Firm Management

SECTION II

MARKETING FIRM MANAGEMENT - IN EXTENSION

INTRODUCTION

Extension Economists are charged with working with agricultural marketing firms. Recent federal legislation has appropriated money to this purpose, and the Scope Report specifically points out the need for work in this area. Although the legislation and the Scope Report did not emphasize management work, we cannot ignore the very important management aspects if we are to have an effective program in working with marketing firms.

The spectacular developments in technology, organization and structure of our marketing system in recent years emphasizes the need for increased efficiency in marketing farm products. The size, complexity, competition, and nature of these firms indicate that improved over-all management is essential to increased efficiency and profitable operations.

If we are going to contribute to the business of agriculture, we are going to have to direct added emphasis toward assistance to individual firms. In order to contribute to these individual firms, we must improve, or help improve, the managerial capacities of persons leading these firms.

As Agricultural Economists we are not management experts. Most Agricultural Economists are neither trained or experienced in the art of business management. As educators, we are continually forced to study, assimilate, organize and present new information. We have successfully demonstrated that Agricultural Economists can contribute to the management of farms. Experience has indicated that we can likewise contribute to the management of marketing firms.

The job is not going to be easy. However, for those willing to tackle this discipline, relatively strange to past activities, the rewards will be great and the results fruitful. It will also mean an added source of support for the Agricultural Extension Service.

Conducting an Extension program can very readily be likened to managing a firm. The same functions of planning, organizing, directing, coordinating, and controlling prevail in an Extension program. Threaded through all these functions are: continuous decision making; auditing and appraising, not only the marketing firms but the program and the person conducting the program; human relations; and a rigorous program of self-improvement and development.

Consequently, this section will be organized principally around these five basic functions.

PLANNING YOUR PROGRAM

Prepare for the Job

Just as the directors and the manager of a business look to the future to determine the viewpoints, the objectives, short-run goals, services to be offered, the policies, so must an Extension worker plan his program of work in management with marketing firms.

Prior to setting some of these viewpoints, objectives, and goals, there should be a very intense program of study of management materials. The materials in Chapter XI of this manuscript serve as a starting point. However, they are only a starting point. For a closer look and a better understanding of the management functions, problems and methods, several of the publications listed in the appendix should be studied very thoroughly. Furthermore, one should become very familiar with the bulletins, pamphlets, and periodic publications available in this area.

This program of self-preparation, very similar to the program of self-improvement and development recommended for managers, is as follows:

1. Make an objective appraisal of your own potentials, performance, and needs. For most of us, this means becoming familiar with the terminology, the subject matter and the materials available, as suggested above.
2. Outline a program of personal self-development. To do this ask yourself such questions as: What course of study will be helpful? What information do I need? What kinds of experiences are needed? Who can help or counsel on the subject matter? What other educational experiences, such as attendance at conventions, meetings, or companies will help? In outlining this program, set up a definite time schedule so that you can check your progress against it. ^{1/}
3. Establish enough self-discipline to work out the plan. This will be one of the most difficult parts because most Extension Economists have a full load of activities at present. However, ask yourself what is more important - the plan of development toward conducting

^{1/} Complete Administrative support at all levels is essential before such a program can be undertaken. In fact, such support is necessary for any program of work with Marketing Firm Management. A complete understanding by administration of the importance, methods, and results anticipated is the best selling point for such a program.

management work with marketing firms, or the present circumstances that are interfering with it.

4. Check your progress periodically. Just as the manager establishes goals for the business, one needs to establish goals for self-development in preparing for an educational effort. Occasionally ask yourself: What have I learned? What improvements have I made? What attitudes have I changed? What interferes most with my progress? What parts of my plan need to be changed?

Learn the People and the Problems

As progress is made toward becoming familiar with the subject matter of management, occasions arise to get better acquainted with managers in marketing firms and ferret out their problems in management. A thorough familiarity with the material in Chapter IX -- Auditing and Appraising -- is essential to properly isolating and identifying the problems of management.

Although a complete audit, as indicated in Chapter IX, is not essential to learning the basic problems in the management of a marketing firm, an understanding of this approach and a familiarity with the questions will provide a systematic approach for analysis of a marketing firm.

In most cases it is probable that the manager will not point out the basic problems of management, but will talk in terms of specific indicators of problems. These serve not only as an indication of the basic problems present, but also provide an opportunity for closer work with the management of the firm. In most cases the Extension Economist probably serves as an idea man, making his entree through specific problems that confront the manager from time to time. In many of these cases we can see possible alternative answers to the problems which we can pass along to the manager for his final decision on the appropriate solution. In other cases a fairly simple but systematic analysis will indicate basic problems of capital, board-manager relationships, inadequate scale of operation, improper type of product, or many other possible problems that affect the success, or at least the profit, of the particular business.

Prepare Materials

Regardless of the type of activity or approach, the proper preparation of subject matter and materials, as well as of self, is of utmost importance in conducting any type of educational program on management with marketing firms. It cannot be over-emphasized that we are dealing with people who are already trained and competent, people who are

familiar with the operational aspects of their jobs, people who have had many experiences and problems and have overcome these problems in some manner, and with people who may look upon the Extension Economist as not being familiar with the business.

Briefly, you have a selling job before you.

ORGANIZING FOR THE JOB

Just as the manager organized his activities, resources, and personnel toward the basic objectives of the firm, so must the activities, materials, resources and personnel be organized for an Extension program in working with managers of agricultural marketing firms.

Organize Your Materials

Books, publications, periodicals, and all other reference material on management should be carefully organized, catalogued and filed for easy reference. A card catalogue of additional sources of information should be maintained, along with a catalogue for indicating visual aids, personnel who might be available to help, other Extension experiences in this area, and a list of managers of various types of marketing firms and the types of problems encountered. New material is being printed at a rapid rate and new skills are being developed in the area of management. An up-to-date, usable library of materials is as essential, if not more so, in this rapid changing area of management as in any other discipline.

Organize Your Activities

Extension work in management with marketing firms may be conducted at varying degrees of intensity ranging from occasional hit-or-miss talks before trade groups to full-time work with managers of marketing firms. However, regardless of the level of intensity, the individual Extension worker will need to decide the amount of time to be devoted to this discipline or how much emphasis is going to be devoted to management in correlation with on-going activities.

For most Extension Economists, work on management will probably be in the nature of strengthening the present program by giving closer attention to management of the firms. This is probably the most fruitful and the most likely application of management work for most Commodity Specialists, as well as for many specialists working on a functional basis.

In most Extension programs, problems usually arise that deal with the commodity or with some phase of handling the commodity. The

problem is studied by the Extension worker or by further research study and one or two alternative solutions suggested. However, with some understanding and realization of the importance of the manager of individual firms, as well as all the firms collectively, the Commodity Specialist can be in a position of recognizing these repetitive problems as problems that can be foreseen and properly handled by improved management performance. This, then, calls for application of some of the management functions, practices or skills, either on an individual basis with the manager concerned or on a group basis.

The ideal organization would have a specialist in Marketing Firm Management, working closely with the Commodity Marketing Specialists. The Commodity Specialist is in the forefront for recognizing problems, and should be the guiding force in management oriented schools and short courses.

However, it is unlikely that each Extension Marketing staff will soon have a "Management" Specialist. The Extension Marketing leader should either assume the responsibility or designate someone to take the lead in handling management activities.

DIRECTING YOUR EFFORTS

Just as the manager uses his leadership ability in directing people to get the jobs done, so must the Extension worker create ideas, motivate, and use leadership techniques in doing the job of working with the managers of agricultural marketing firms.

Making the Contacts

It may seem superfluous to state that close contact with managers is essential for effectively working in the area of management. Many Extension Economists have a closer personal and professional contact with a few of the leading producers and trade leaders than they do the individual managers and directors of the important marketing firms. To do any effective work in the area of improving managerial capacity or ability, it is essential not only to learn the people and their problems, but to develop a close enough personal or professional acquaintance so that the managers or directors involved have (1) an understanding of the subject matter, materials, and programs available and (2) confidence in the program and personnel involved.

There are several ways of making these contacts. Probably the best is a personal working relationship with the managers or leaders involved. This comes about by working on specific problem areas that they bring to the attention of the Marketing Specialist, or it may evolve

from visits to the individual firm.

A further important source of contacts is through organized groups such as the trade associations, cooperative groups, cooperative councils, and commodity organizations that are prevalent in every state and with which most Extension Economists have a close working relationship.

Sooner or later most of us are called on to help develop a program for an annual meeting, a short course, a clinic or a school. This provides an excellent opportunity to inject into the program something on management: the concept of management; the over-all functions of management; or one particular aspect of management, such as planning, organizing, coordinating the management activities, directing a particular firm, establishing proper controls; or some of the broad areas that overlap these management functions, such as decision making and human relations.

Ways of Doing the Job

The activities in an Extension program on management can vary quite widely from a very simple suggestion to an individual manager that may result in some improvement to an elaborate short course on management for a fairly highly refined group of managers. However, there are several specific types of activity that may be listed.

1. Individual consultation with management will probably be the most used activity. Individual help and training in the area of management may be given managers as a follow-up of some particular problem. This may develop further into a fairly complete management audit for this particular firm. However, it will more likely take the form of assistance, and therefore training, in some particular areas, such as planning the year's activities, organizing the long-range goals, establishing controls, or developing better human relations.
2. Emphasize the meaning and importance of management at banquets, special meetings and other occasions where the opportunity will be appropriate. This may take the form of a rather broad brush stroke of the concept of management or the over-all management process, or it may take the form of specific parts of the management job.

The particular application should be especially tailored to the group concerned and the needs of the group. For example, at a school for a group of salesmen or sales managers the emphasis should be on planning the sales program, making the sale and checking on progress, as well as perhaps something on human relations. On the other hand,

for a meeting of a group of directors of various types of organizations the emphasis might want to be on long-range planning and the establishment of goals, objectives and policies, along with the responsibility of management.

In cases where a specialist has year-to-year contact with a particular group at an annual occasion, some thought should be given to handling the management material over a period of years. For example, the first year might be devoted to a broad explanation of the meaning and functions of management, then in subsequent years emphasize specific functions or areas of management.

3. Many groups have an annual school, conference, clinic, or other type of meeting and like to have a central theme or perhaps half a day on the program devoted to a particular topic. This again provides an excellent opportunity to introduce the subject of management, either on a one-year basis, or again over a period of several years. The half-day or day on a program such as this provides an opportunity for more discussion - perhaps even working on a problem.
4. Special schools may be organized and conducted ranging from two or three days to several weeks in duration. Most managers or executives seem to prefer a school or short course that lasts a week or less. However, some institutions offer short courses that last over a period of three to six weeks. This provides an opportunity, of course, to go into much more detail and utilize a much more refined set of problems and lectures.

These special schools or short courses may be organized for a particular business group, such as a group of elevator managers associated with one organization or a group of chain-store managers. They may be organized for managers of a particular trade group, or they may be organized across commodity lines, such as for the cooperative marketing organizations. These schools may also be designed for various levels of management; that is, for the manager, assistant managers, or for directors. While the subject matter in this publication is designed primarily for guidance of the active manager of an organization, an understanding of these functions by the individual directors of the firm is essential for proper direction of the organization.

5. The Extension Specialist, after observing the problems of a particular firm, may advise other help in improving the management capacity of the firm. This may take one of several forms. Perhaps the manager should attend a special school being conducted by a public or

private institution, or perhaps he should utilize the services of one of the several management consulting firms.

In all these activities, particularly in the schools that may be organized, Extension Specialists should not hesitate to use the services of experienced personnel in this field. Personnel in the business school at the state university have training and qualifications which can be utilized very effectively in teaching various segments. Many management consultants are available to participate in programs of this type. In addition, there are experienced industry personnel who are outstanding experts in a particular field such as personnel relations, planning and controls.

Observations on Conducting Schools

The test schools conducted previously for managers of marketing firms using this material indicated several observations that might be useful in planning future programs.

1. The basic principles of management can be applied to any commodity. In most cases the manager is fairly proficient in the technical peculiarities of marketing the commodity involved and can easily apply the principles of over-all management.
2. Management principles and practices apply to any size organization. The application of these principles will, of course, vary depending on the size of the organization. For example, organizing of personnel would naturally be a more complicated process for a firm employing 600 people than for a small local marketing organization employing 6 or 8 people. However, the same general principles still apply. The same functions need to be used by the manager, the same steps in decision making, and the same principles of human relations are essential whether the manager is responsible for 6 or 600 employees.
3. Management subject matter as presented here can be applied to almost any type of business organization, whether it be an individual, a partnership, a cooperative corporation, or a private corporation. Here again, the application of some of the functions and principles will have varying degrees and will be done by different persons. In a corporation with a board of directors, the directors would normally establish the policies, objectives, and some of the goals. In a private or individual organization the individual owner would do this. Likewise, the application of some of the operational phases of the business will have to fit the type of organization. For example, cooperatives, in order to qualify as tax-exempt cooperatives must meet certain requirements, which

have to be considered by the manager in making the plans, directing the firm, and establishing the control system.

4. Although the application of the principles of management have been explained to fit any commodity and any size and type of organization, it is best to attempt to have a fairly homogeneous group in schools or short courses. Homogeneity of problems and types of commodities allows a better use of examples and creates a better understanding of the problems discussed than if the group have widely varying degrees of volume and widely divergent interests as far as commodities are concerned.
5. Although most managers and directors realize the important of management and the importance of further study in this area, they still have to be sold on the idea of taking time away from their business in order to attend a short course or school. This requires careful planning in the publicity, the announcements and the contacts to secure attendance at the schools. However, it was observed in many cases that once the manager became subjected to the material, he was anxious to have a repeat school or a more advanced training program.
6. In schools of more than one or two days the number attending should be kept below a maximum of 30 to 35 participants. A larger number hinders discussion, and once this general number is exceeded, about the only approach possible is straight lecture.
7. The difference between two or three days and a week is not too important, as long as the program is kept dynamic and moving. Likewise, the time consumed during the day can be rather flexible. Most managers that take time to attend a school of this nature are willing to put in a very full day.
8. The pace and method of presentation must be varied from time to time in order to forestall tiring and boredom. Frequent breaks for relaxation help maintain interest and attention of the group. In some cases the managers were somewhat disappointed that night sessions were not held following a full day, in order to take full advantage of the total time in the day. Most managers are in the habit of putting in rather long hours and like to make the most use of time.
9. There should be considerable attention given to the balance of time between the various types of presentation, such as lecture, discussion, and working of problems.

10. Participants in these schools are willing to absorb the direct costs of the programs. In fact, most participants in the test schools indicated that a larger fee could have been charged. Some people indicated that the school might appear more attractive if a somewhat higher fee were charged. Managers that are in the habit of attending fairly high-priced conventions seem to sometimes associate the value of the school with the price of admission.
11. Carefully prepared printed material covering the subject matter should be provided participants in the program.
12. The use of visuals in the lectures, discussion, and problems cannot be over-emphasized. Here again, careful planning and preparation of the visuals so that they do the right job is extremely important.
13. All segments of a school or program of this nature must be dynamic and moving. Management materials must be presented in a straightforward, authoritative manner, and by someone who can give clear answers to the questions raised.

COORDINATING YOUR ACTIVITIES

Just as a manager makes the parts of an organization fit together through proper coordination of action and purpose, so must Extension activity be coordinated to achieve the desired results.

Organization of any schools or programs that require outside personnel certainly will require coordination on the part of the person arranging or leading this program. Extension Specialists leading this type of activity should not hesitate to use other personnel in Extension, or personnel in other departments or schools of the university. Furthermore, if the budget of the school will permit, outside experts, consultants, or people from the trade should be used where they can best contribute.

The first efforts within a group to conduct a training program in management are extremely important to future activities in the area. Hence, it is important that the first job be a good one. This is not to minimize the importance of a first-class effort in subsequent jobs.

It is suggested that a specialist leading or participating in the Extension activities in management work follow up the self-preparation programs suggested previously by becoming proficient in one or more areas. In other words, after becoming thoroughly familiar with the over-all management materials, the major problems may center around human relations, or proper planning, or the establishment of control systems in the marketing

firms involved. Thus the specialist should become thoroughly familiar and efficient in one of these areas, moving on to other areas as time and experience will permit, but not hesitating to use other persons to do the complete job.

CONTROLLING YOUR PROGRESS

As the manager of a marketing firm establishes a system of controls in order to compare results to the plans, goals, or standards established, so must a control program be established to measure and evaluate properly the progress of Extension activities in this area.

One way to observe the effectiveness of any level of Extension activity with managers is to plan and diligently conduct a follow-up program. This is especially important where individual consultation may have been the activity, but it is likewise important for participants in a school, short course or clinic. The follow-up program may take one or more or several forms, from materials sent at subsequent intervals, to questionnaires, to visits and conferences, to more advanced training programs at later dates.

During the follow-up visits, it can be observed whether the management has made any changes as a result of material or suggestions made in previous activities. In many cases, these changes and the effect of these changes may be indicated by the manager in terms of increased profit, decreased costs, increased volume, or in many other ways.

More difficult to measure is an increased interest and understanding of the management principles and practices. However, this can be observed by conversation, letters received, visits, and so forth.

One of the most important controls to establish in an Extension program is the one which periodically evaluates the progress toward completion of the goals and objectives established at the outset. This evaluation should be more than a superficial recount of the number of letters, number of people talked to or the number attending the school. Rather it should be in terms of number of people who accepted and used suggestions or training materials, number of people influenced, value, and just as important, the progress of the individual toward his own goals in understanding the broad concept of management.



Book Synopses

APPENDIX I

Synopsis of

THE PRACTICE OF MANAGEMENT

THE PRACTICE OF MANAGEMENT by Peter F. Drucker, Harper & Bros.
Publishers, N. Y., 1954

I. THE JOBS OF MANAGEMENT

A. Economic Performance

Management must always, in every decision and action, put economic performance first. It can only justify its existence and its authority by the economic results it produces, and has failed if it does not improve or at least maintain the wealth producing capacity of the economic resources entrusted to it.

B. Managing Managers

This function is to make a productive enterprise out of human and material resources.

C. Managing Workers and Work

The success of any enterprise depends upon work being performed. The resource used to perform this work is workers.

D. Time

There is one more major factor in every management problem, every decision, every action - time. Management always has to consider both the present and the long range future of the enterprise. The time dimension is inherent in management because management is concerned with decisions for action, and action is always aimed at results in the future.

E. Objectives

To manage a business means to manage by objectives. Management goes beyond the passive reaction and adaption to changing conditions, it implies responsibility for attempting to shape the economic environment, for planning, initiating, and carrying through changes in that economic environment, or constantly pushing back the limitations of economic circumstances on the enterprise's freedom of action. Management is not a creature of the economy; it is a creator as well.

F. Summary

The three jobs of management - managing a business, managing managers, and managing worker and work - can be analyzed separately, studied separately, and appraised separately. However, in its daily work management cannot separate them, nor can it separate decisions on the present from decisions on the future. Any management decision always affects all three jobs and must take all three into account.

II. MANAGING A BUSINESS

A. What is a Business?

If we want to know what a business is, we have to start with its purpose: to create a customer. It is the customer who determines what a business is: he alone gives employment. It is to supply the consumer that society entrusts wealth producing resources to the business enterprise.

Because it is its purpose to create a customer, any business enterprise has two basic functions: marketing and innovation, commonly called the entrepreneurial functions.

Marketing is the distinguishing, the unique function of a business, which sets it apart from all other human organizations.

Innovation is the provision for better and more economic goods and services. It is not necessary for a business to grow bigger; but it is necessary that it grow better. Innovation goes right through all phases of the business. It may be innovations in design, in product, in marketing techniques, in price, in service to the customer, in management organization, or in management methods.

B. The Productive Utilization of Wealth Producing Resources

The administrative function of business is the productive utilization of the wealth producing resources which it controls, that is, productivity. Productivity means a balance between all factors of production that will give the greatest output for the smallest effort. The impact of productivity on time utilization, product mix, process mix, organization structure and the balance of activity is of vital concern to the manager. The development of measurement techniques on productivity is perhaps one of the greatest needs felt by individual managers.

C. The Objectives of a Business

1. Market Standing

Market standing has to be measured against the market potential and against the performance of suppliers of competing products or services. To be able to set market standing objectives, a business must first find out what its market is, who the customer is, where he is, what he buys, what he considers value, and what his unsatisfied wants are. In most businesses, not one, but seven distinct marketing goals are present.

- a. The desired standing of existing products on the present market.
- b. The desired standing of existing products in new markets.
- c. The existing products that should be abandoned.
- d. The new products needed in existing markets.
- e. The new markets the new products should develop.
- f. The distributive organization needed to accomplish marketing goals in the pricing policy appropriate to them.
- g. A service objective measuring how well the customer should be supplied with what he considers value by the company, its products, its sales and service organization.

2. Innovation

There are two kinds of innovation in every business; innovation in product or service, and innovation in the various skills and activities needed to supply them. The problem in setting innovation objectives is the difficulty of measuring relative impact and importance of various innovations. To set them, management must first obtain a forecast of the innovations needed to meet marketing goals. Secondly, it must anticipate the effects arising or likely to arise out of technological advancement in all areas of the business and in all of its activities. Innovation goals for a typical business are:

- a. New products or services that are needed to obtain more marketing objectives.
- b. New products or services that will be needed because of technological changes that may make present products obsolete.

- c. Product improvements needed both to obtain the objectives and to anticipate expected technological changes.
- d. New processes and improvements in old processes needed to satisfy marketing goals.
- e. Innovations and improvements in all major areas of activity so as to keep up with advances in knowledge and skill.

3. Profits

- a. A measure of the net effectiveness and soundness of a business's effort.
- b. The "risk premium" that covers the cost of staying in business.
- c. The insurance of a supply of future capital for innovation and expansion.

4. Production

There are three basic systems of industrial production known to us so far... unique product production, mass production, and process production. We may perhaps count four systems, for mass production old style - that is, the production of uniform products - is different from mass production new style, which manufactures uniform parts and assembles them into diversified products. There are two general rules for advancing performance and pushing back limitations:

- a. The limitations of production are pushed back further and faster, the more consistently and thoroughly the principles pertaining to the system in use are applied.
- b. The systems themselves represent a distinct order of advance, with unique product production the least advanced, process production the most advanced.

There are also two general rules concerning the demands on the management competence made by each system:

- a. The systems differ not just in the difficulty of their demands, but in the variety of confidence and order of performance. Management, in moving from one system to another, has to learn how to do new things rather than to learn to do the old things better.

- b. The more we succeed in applying consistently the principles of each system, the easier it becomes for management to satisfy its demands.

Management must demand that those responsible for production know what system of production is appropriate and apply the principles of that system consistently to the limit.

Management must also know what the various systems of production demand of its own competence and performance. In unique product production, management's first job, it might be said, is to get an order. In mass production, the job is to build an effective distributive organization, and to educate the consumer to adapt his wants to the range of product variety. In process production the first task is to create, maintain, and expand a market and to find new markets.

III. MANAGING

A. Requirements for managers:

1. Management by objectives in self control
2. The proper structure of the manager's job
3. The right spirit in the organization
4. Making provision for tomorrow's managers
5. Arriving at sound structural principles of management organization

B. Objectives of a Manager:

The objectives of a manager should define the performance of the man's own managerial unit. They should define what contribution he and his unit are expected to make to help other units achieve their objectives. The objectives should spell out the contribution the manager can expect from other units towards the attainment of his own unit's objectives. They should also spell out his contribution to the attainment of company goals in all areas of the business. Each manager should develop and set the objectives of his unit himself.

C. The Spirit of an Organization

There are five areas in which practices are required to insure spirit throughout the management organization.

1. There must be high performance requirements.
2. Each management job must be a rewarding job in itself.
3. There must be a rational and just promotion system.
4. Management needs a charter spelling out clearly who has the power to make decisions affecting a manager.
5. In appointments, managers must demonstrate that it realizes integrity is the one absolute requirement of a manager.

D. The Manager and His Work

A manager has two specific tasks.

1. The task of creating a true whole that is larger than the sum of its parts, a productive unity that turns out more than the sum of the resources put into it.
2. The task of the manager is to harmonize into every decision and action the requirements of the immediate and long range future.

There are five basic operations in the work of the manager.

1. He set objectives.
2. He organizes.
3. He motivates and communicates.
4. He analyzes the performance of the enterprise.
5. He develops people.

E. Making Decisions

Decision making has five distinct phases: defining the problems, analyzing the problems, developing alternate solutions, deciding upon the best solution and converting this decision into effective action.

F. The Manager of Tomorrow

There are seven new tasks which the new demands of the future will require managers to master:

1. He must manage by objectives.
2. He must take more risks and for a longer period of time.
3. He must be able to make strategic decisions.
4. He must be able to build an integrated team, each member of which is capable of managing and of measuring his own performance and results in relation to the common objectives of the team.
5. He will have to be able to communicate information fast and clearly.
6. The manager must be able to see the business as a whole and to integrate his functions with it.
7. The manager will have to be able to relate his product and industry to the total environment, to find what is significant in it and to take it into account in his solutions and actions. Increasingly, he will have to learn to see economic, political, and social developments on a world wide scale and to integrate world wide trends into his own decision.

Synopsis of

MANAGING FOR GREATER RETURNS

MANAGING FOR GREATER RETURNS IN COUNTRY ELEVATOR AND RETAIL FARM SUPPLY BUSINESSES by Richard Phillips, Farmers Grain Dealers Association of Iowa, Des Moines, Iowa, 1957.

I. GENERAL

An understanding of the framework of management and the tools with which management can be made effective is essential to more productive management and increased operating efficiency in business. Effective management is a skilled profession requiring the talent and devotion of the most capable men.

The degree of commercial success in the business depends equally as much on the over-all managerial planning as on the productivity of operational management. Unless the over-all planning is done effectively, the most skillful salaried manager can only achieve a fraction of his potential value to the business.

II. THE ROLE OF MANAGEMENT

Given the resources he has to work with, and the outside limitations affecting the business, the manager of any business is charged with the responsibility of directing that business in a way that will make it profitable to those who own it.

The three distinct functions of management are as follows:
(1) planning, (2) direction, and (3) control.

III. THE ECONOMIC FRAMEWORK FOR MANAGERIAL DECISIONS

Economics deal with two general areas: (1) The production of goods and services and (2) the utilization of these goods and services in consumption. As a science, economics deal with decisions as a choice between two or more competing alternatives. Managerial planning also deals largely with choices between alternatives.

Production economics has application in the business to: (1) specify the conditions and business organizations which will give the best use of capital, labor, land, and management resources to provide the services offered by the business; (2) determine how far the present uses of these resources deviates from the optimum, and (3) explain the reorganization and reallocation of resources necessary to move from the present production pattern to that of the optimum organization.

IV. PROFIT MAXIMIZATION CONDITIONS

The conditions necessary for profit maximization can be specified under three areas: (1) the selection of the best combination of goods and services to provide, (2) the selection of the lowest possible cost combinations of inputs to produce these goods and services, and (3) the selection of the most profitable level of production and size of the business.

- A. The selection of the most profitable combination of goods and services.

The business will have the most profitable balance of all products and services when it has a volume of each one which makes the ratio of marginal return divided by marginal cost of each product and service equal to the same ratio for all other products and services in the business.

- B. The selection of the least cost combination of inputs.

The business will have the lowest cost balance of all products and services when it has a volume of each one which makes the ratio of marginal return divided by marginal cost of each product and service equal to the same ratio for all other products and services in the business.

- C. The selection of the most profitable volume.

The most profitable volume of output will be provided when the ratio of the marginal return to the combined marginal expenditure is exactly equal to the marginal rate of transformation between the inputs and the outputs.

The introduction of time into any economic model for the individual firm raises quite complex problems. These problems are usually beyond the scope and training of the manager of a small agricultural marketing firm. This is not to say that these problems are not important, but the type of analysis which one would use in this type of problem is much too complex for ready use by a manager.

V. PLANNING THE ORGANIZATIONAL STRUCTURE OF THE BUSINESS

The nature of the organizational structure of the business is an important factor in determining the level of net earnings which can be achieved through its operation. The organizational structure frequently affects the amount of capital that can be raised for the business, or in other words, how much of a problem capital rationing presents to the business. The organizational structure of the business may affect the

kind of managerial employees that can be obtained in the business. The structure may also affect the business reputation of the company. In some instances the structure may even affect the attitude of the customers towards the business.

Because of these considerations the manager must give very thoughtful planning for the organizational structure of the business. No one pattern of organizational structure is best for all businesses. The pattern which is best depends upon the objectives of the owner or owners, the size and nature of the business operation, the relationship of the owners to one another, whether or not the business will be expanded in the future, and many other factors.

A. Important factors to take into consideration when organizing a business:

1. The rate of taxation for different types of organizations
2. The risks involved in different types of organizations
3. The type of financial structure involved in different types of organizational structures.

B. Planning for Maximum Business Efficiency

Efficiency is measured by the ratio of output to input. Because it is a ratio it is always possible for efficiency to be increased in five separate ways:

1. Increasing output while input remains unchanged.
2. Decreasing input while output remains unchanged.
3. Increasing output and decreasing input at the same time.
4. Increasing both output and input, but output relatively more than input.
5. Decreasing both output and input, but input relatively more than output.

Usually we define business efficiency as the ratio of a total revenue to the total cost of a business. When we apply the economic condition for the most profitable combination of goods and services, we increase business efficiency by making the total revenue as great as possible at any level of total cost in the business. When we apply the economic condition for the least cost combination of inputs, we increase

business efficiency by making the total cost as low as possible for any level of total revenue to the business. If both of these conditions are met, we have the highest possible business efficiency at all levels of output in the business. These two conditions are the conditions for maximum business efficiency.

C. Planning products and services provided

There are several important factors to consider in selecting a combination of goods and services which will return the highest revenues to the business over time. The relative importance of these factors varies from one type of operation to another, from one community to another and even within the same company over time.

1. The potential demand in the community
2. The gross handling margins
3. The relationship between margins and costs
4. The relationships between margins and volume
5. Supplementary merchandizing with service
6. Complementary products and services
7. Timing sales and services.

D. Increasing net margins by lowering costs

The cost of handling any products or providing any service includes both fixed costs and variable costs. The fixed costs go on regardless of the volume of the output provided, and are therefore lower per unit of output at higher volumes of output. Major fixed costs include: (1) depreciation, interest, insurance and taxes on buildings and equipment; (2) overhead costs, such as the salaries of management, clerical salary, and other office expenses, fees, license, and other expenses; (3) fixed operating costs, such as labor costs of salaried employees, heat, lights, telephone, and electric service charges; and (4) fixed maintenance costs, such as janitor expenses, service contracts on equipment, labor, and other expenses for servicing equipment.

Variable costs increase as output increases. Variable costs include: labor costs, fuel and power costs, repairs to plant and equipment, supplies and advertising, and other contract merchandising expenses, including transportation and brokerage fees, and costs of carrying

accounts receivable.

VI. MANAGERIAL USE OF AN EFFECTIVE ACCOUNTING SYSTEM

An effective accounting system is an essential tool to management. Accounts provide management with a measure of the business efficiency for the different phases of the total operation as well as for the business as a whole. They make it possible to evaluate performance of each of these operations in order to improve performance. The business records frequently indicate to management what kind of changes should be made in operations for increased efficiency and higher net earnings. Records are a concrete basis for estimating future costs, volumes, prices, margins and returns in the business.

A. Designing accounts for managerial use.

1. Department accounts

In order for the accounting system to best serve the needs of the management in planning to improve business efficiency, one of the first essentials is departmental accounting. Accounting by departments should be sufficiently complete so that the figures necessary to prepare separate operating statements and balance sheets for each department will be readily available.

2. Records of sales and purchases

At least for major products handled by the business, records should be maintained of the volume of the product purchased and sold as well as of the corresponding dollar figures.

3. Expense records

To be of maximum value to management, the expenses accounts should do more than accurately reflect the total cost in each department. They should summarize separately the total expenses for each major function performed in the different departments, so that each of these functions can be evaluated. The total expenses for each major input in the different departments should be summarized separately, so that the cost of each input can be compared with the productivity of that input.

The accounts should summarize the fixed costs and variable cost separately to facilitate budgeting and planning.

B. Using accounts in managerial planning

There are two steps which management must ordinarily follow when using the records of a business for planning purposes. The first step is the evaluation of the past operations on the basis of performance as indicated by the accounting records. The second step is to plan changes and future operations where found to be desirable on the basis of the accounting records of the past operations.

Both the accounts themselves and the financial statements for the business from one month to the next give management a chance to make comparisons over time.

Another basis for comparing the summary of records of a business is the use of data employed by some research institutions. If the published analysis is made by departments, it is much more useful than if made only for the business as a whole. In this form the analysis permits the manager to evaluate various segments of his total operations against the performance of other companies.

On the basis of past experience in the business, the manager also can develop his own standards for evaluating his company records of the business. Self-determined standards have the advantage of being tailored to the individual business and the conditions under which it is operated.

VII. USING BUDGETING IN MANAGERIAL PLANNING

A budget is simply an itemized statement of estimated cost, revenue, sales, net worth, or other item under conditions expected to prevail in the future.

A. The purposes of Budgeting.

1. Budgeting to predict future events
2. Budgeting to guide future events
3. Budgeting to establish or clarify goals
4. Budgeting to determine the advisability of a possible action
5. Budgeting to evaluate alternatives

VIII. PLANNING EFFECTIVE USE OF BUILDINGS AND EQUIPMENT

The plant and equipment affect both the potential revenues and the potential operating cost of the business. Major factors relating to the

plant and equipment include: (1) location, (2) the land area around the plant, (3) the layout and design, (4) adequacy for business conducted, (5) relation between capital cost and other costs in the business, and (6) the total investment required for buildings and equipment.

There are three factors which enter into the question of adequacy of any facility or piece of equipment: its capacity, its condition, and its degree of obsolescence.

IX. PICKING THE MOST SUITABLE FINANCIAL STRUCTURE

Characteristics of a suitable financial structure:

1. Security and stability for the business.
2. Flexibility for adjusting to changing conditions.
3. Provision for business growth over time.
4. Consistency with the nature of the business operation.
5. Equitable distribution of the business risks among the owners.
6. Investment security to the creditors of the business.
7. Systematic operation.
8. Optimum of total capital for the business.
9. Low cost financing.

X. THE OPERATIONAL FUNCTIONS OF MANAGEMENT

A. Areas of Managerial Responsibility

1. The classification by kind of resource inputs.
2. Classification by kind of output
3. Classification by functions performed

B. The areas of management which are usually most important

1. Management of financial structure
2. Management of fixed assets

3. Employee management
4. Management of customer relations
5. Purchasing management
6. Sales management
7. Inventory management
8. Management of customer services
9. Management of accounts receivable

XI. INCREASING THE PRODUCTIVITY OF EMPLOYEES

A. Organizing the work

There are several helpful guides to management in planning the work organization in business.

1. Division of jobs by level of responsibility
2. Division of jobs by similarity of work
3. Even distribution of work load
4. Flexibility for busy and slack periods
5. Organization into work units or teams
6. Well defined responsibilities for each position

After the plan of organization of the work has been developed, the next step is the formulation of the job descriptions for each position needed in the business. The job description simply describes the position in the business, the responsibility of the position, and how it relates to other positions, and to the over-all operation of the business. Because the successful business is dynamic, constant revisions in the work organization and job descriptions will be needed.

B. Employee training and professional development

The training and professional development of employees while on the job is an important part of the responsibility of the employee management. There are two distinct ways of increasing the productivity

of the employees; through training and professional advancement. One is by providing them with the opportunity to learn while they do their work day by day in the business. The other is by providing the opportunity for supplementary training.

C. Economic welfare of employees

The economic welfare of each employee in the business depends primarily on the return he receives from his contribution to the business.

The level of wages or salary paid each employee in the business must be based first of all on the best possible estimate of that employee's value to the business. In addition, the level of wages or salary paid each employee should be in balance with the wages or salary of other employees in the business. There should be some relationship of the level of wages and salaries paid for comparable positions of other businesses in the locality and in the industry.

XII. IMPROVING CUSTOMER RELATIONS

The sole purpose of the existence of a business in any community is the service it sends to its customers in meeting their demands for goods and services and the market it provides for their products. Often the manager of the business becomes so busy with routine affairs that he does not take heed of the customer and forgets how important the customer is to him. Every employee should be a customer relations representative for the business.

The first essential of a sound customer relations program is good and honest service. Secondly, the customer's opinion of the business is conditioned by what they see and how they are treated while they are at the business to trade. In order to be of the greatest service to the customers of the business, the manager and key employees of the business must keep abreast of new developments and technology. A business must always be on the lookout for an opportunity to tell the story of a job well done. Proper publicity makes the business more respected and appreciated by its customers.

XIII. OTHER GENERAL AREAS COVERED IN THE BOOK

- A. Planning and organizing retail merchandising
- B. Improving wholesale purchasing and selling
- C. Improving retail selling and purchasing

- D. Effective inventory management
- E. Managing customer services
- F. Managing retail credit

Synopsis of

DEVELOPING EXECUTIVE SKILLS

DEVELOPING EXECUTIVE SKILLS by H. F. Merrill and Elizabeth Marting, Editors, American Management Association, Inc., New York 1952.

This text was developed from articles written for AMA publications and consists of a number of relatively short articles on various phases of executive development.

I. THE MANAGER

A manager is one who guides and directs the work of other people. He is always both the leader and the supervisor.

A manager manages by performing that work which cannot be performed effectively by those he manages or those who manage him.

II. THE JOBS OF MANAGEMENT

The work performed by the managers in managing can be analyzed under five main headings: planning, organization, coordination, motivation, and control.

In planning the manager sets goals or targets. These goals are generally subordinate to, and part of, the larger objectives set by the enterprise as a whole. To insure that the specific activities necessary to achieve his goal will be carried out, the manager prepares programs. He appends schedules, or a time sequence to these programs. Where he wants to standardize work, or make certain that it will be performed in the uniform manner, he establishes procedures. Finally, he estimates what money, materials, facilities and people will be needed to carry out his programs and accomplish his goals.

The next function of management is to organize these primary functions into a logical and balanced structure. He delegates to the subordinate positions as much as possible of the work to be done. He defines the responsibility, authority, and accountability of each of these subordinates and establishes harmonious relationships among all positions.

Next, the manager coordinates. That is, he times, unifies, and integrates the work proceeding under his direction to make sure each action is part of the consistent whole.

The next important item is that he must see to it that the people

are encouraged to produce at the highest productivity; that is, he motivates people to work as part of a team.

A manager controls the work for which he is accountable. He adopts a systematic means of reviewing operations to determine whether the result he expects will be accomplished. There are three methods which he uses to accomplish this: he establishes standards of performance; he interprets and analyzes the results; and he takes corrective action.

III. MANAGEMENT DEVELOPMENT

Effective management development can proceed only within a framework of effective management. Management development must come to focus on the work a manager performs, not on an illusionary set of personal characteristics which he is supposed to possess. Managers can learn to manage only through the direct application of managerial knowledge of skills to the responsibilities of their jobs.

One of the major psychological hurdles confronting every manager is the fear of delegation. It is vitally important that the manager learns to delegate authority commensurate with the responsibility he assigns.

When an assignment is delegated for the specific purpose of improving a subordinate's managerial skills, it is important that full management performance be required. A subordinate should be asked to plan, to organize, to coordinate, to motivate and to control his assigned activities. The superior manager must review and evaluate the performance of his subordinate in management terms.

One of the most important jobs of management is to create the necessary climate for development programs. The success of any program of management improvement depends upon top management support, key executive participation and staff assistance.

Executive appraisal has a two-fold objective, to select promising men for development and to point up what such individuals require in terms of further development.

IV. ORGANIZATIONAL PROBLEMS

A check list for diagnosing organization problems:

1. Has a specific provision been made for the supervision of all essential activities?
2. Have any functions been assigned to more than one unit in the organization?

3. Have the responsibilities of any member of the organization become too numerous and complex to be handled effectively by a single individual?
4. Have the responsibilities been properly classified when they are grouped under an individual?
5. Are the responsibilities assigned to each individual clearly defined in written form and thoroughly understood?
6. Does each executive have authority commensurate with his responsibility?
7. Has the authority been delegated to the greatest extent possible, consistent with the necessary control, so that coordination of the decisions can be placed as close as possible to the point of action?
8. Do executives have more subordinates reporting to them than they can supervise and coordinate effectively?
9. Does each member of the organization know to whom he reports and who reports to him?
10. Do some persons in the organization report to more than one supervisor or to none?
11. Is the organization structure recognized by executives in dealing with subordinates?
12. Are the number of levels of authority kept at a minimum?
13. Do top executives exercise control by developing policy and dealing with problems of exceptional importance, rather than reviewing the routine operations of subordinates?
14. Are the distinctions between line and functional authority and staff work recognized?
15. Is the basic pattern of the organization best adapted to the job at hand?
16. Has adequate provision been made for the coordination of related activities?
17. Has the organization been kept as simple as possible?

V. EXECUTIVE PERFORMANCE

Some important points in setting executive standards of performance:

1. The standards should be set by the individual whose performance is going to be evaluated.
2. The standards must be considered fair and attainable by the individuals for whom they are being set.
3. The standards should be as specific as possible.
4. Where the results are intangible, an effort should be made to arrive at as clear cut and simple a statement and understanding as possible.
5. A lack of clear cut authority and responsibility on the part of any individual can cause confusion and should be cleared up at once.
6. Theoretical ideas should be guarded against.

VI. THE ROLE OF TOP MANAGEMENT

Top management must have a basic philosophy of management, and the executive can develop it as his own thinking or he can help his subordinates to arrive at it with him. In addition the executive must be able to explain and make his philosophy known and understood because he practices it.

VII. EVALUATION OF THE MANAGEMENT DEVELOPMENT PROGRAM

The evaluation of a management development program is an attempt to arrive at a correct judgment of its value or worth in either monetary or non monetary terms. There are two major objectives toward which organizations are striving in their management development program: (1) An adequate reserve of qualified managers; and (2) improved performance in current positions.

The evaluation of effectiveness of a management development program requires measurement of the extent to which there has been an increase in the ability of the individual executives. To achieve the goals set for them by the organization, there are three current practices in evaluation: (1) the common sense evaluation; (2) the systematic evaluation; and (3) the experimental evaluation.

VIII. MANAGEMENT DEVELOPMENT METHODS

A. On the Job Training

No program of management development will really produce results until every superior recognizes and discharges his personal responsibility for developing the people entrusted to his care. An executive frequently requires varied types of experience to equip him for promotion. The consultative process is highly effective in getting participation and further releasing the power toward common objectives.

B. Off the Job Training

Several methods of off-the-job training are available for use in management development programs.

1. The Problem-Solving Conference

There are two prerequisites for the use of the problem-solving conference method of training managers:

- a. Let everyone begin with the same facts.
- b. Let everyone solve the problem by using logical reasoning.

There are five steps in conducting the problem-solving conference:

- a. What are the known facts?
- b. Defining the real problem.
- c. Analyzing the problem.
- d. Developing the possible solutions.
- e. Recommending action.

2. The Case Study

The first step in building such a program is to have all the essential factors in good leadership. The next step is to select case studies that embody one of the principles to be discussed.

This program is not new in principle. It provides

efficiently flexible means for developing managers and is adaptable to any variety of leadership training needs.

3. Role Playing

The skill and the use of role playing teams lies in four areas:

- a. In the selection of the scenes to be played and the setting up of these scenes so that important points will be dramatized.
- b. In cutting off the scene after the major points have been played.
- c. In leading the discussion immediately following the scene so that the major points stressed become the focal points for discussion.
- d. In setting up other scenes growing out of the original diagnostic sets.

Role playing can give management groups inside views into a variety of roles in the business. Through the broader use of role playing the manager is able to understand more clearly the interrelationships of all levels of the organizational hierarchy.

C. On the Job Coaching

There are five elements of coaching at the administrative level:

1. Delegation of authority.
2. Counseling.
3. Creating a team.
4. Developing mutual confidence.
5. Instilling standards of conduct.

Success in coaching requires that the teacher develops his understudy so that he will think, develop a strong urge to accomplish, have ambition, be emotionally mature, be self confident, be tolerant, and never stop learning.

D. Job Rotation

Advantages of the job rotation method:

1. It provides a well-rounded training and a background of experience for the individual.
2. It streamlines the organization through periodic introduction of new managerial viewpoints.
3. Stimulates the development of the individual.
4. It eliminates the assumption by any individual of any vested right in a particular job.
5. It tests the individual.
6. It improves cooperation between individuals.
7. It widens the trainee's circle of acquaintances among the company executives.

E. Management Apprenticeships

The objectives of the management apprenticeships may be summarised as follows:

1. To supply an adequate pool of qualified seasoned individuals to fill key manufacturing management positions.
2. To insure complete opportunity afforded to appraise and develop the full administrative potential of these individuals.
3. To stimulate an awareness of the importance of this kind of training.

F. The Lecture as a Training Technique

1. Lectures should be used sparingly, two or three times a year is about the limit.
2. Subject matter must be carefully chosen.
3. Visual aids should be used to give variety, color and heighten interest.

IX. ADDITIONAL MATERIAL CONTAINED IN THIS BOOK

Part II of this book contains about 150 pages devoted to case studies of specific industrial cases. In addition, there are sample forms of company appraisals. A rather complete bibliography is given at the end of the book.

Synopsis of
EXECUTIVE DECISION MAKING

EXECUTIVE DECISION MAKING by Manley Howell Jones, Richard D. Irwin, Inc., Homewood, Illinois, 1957.

I. DEFINITIONS

An executive is a man who has the job of guiding the behavior of others. He is able to plan the goals of the group and organize its activities into effective means for attaining those goals. He has ability to reach decisions about goals and means which will stand up under review and to put them into effect.

A decision is a course of action chosen by the decider as the most effective means at his disposal for achieving the goal or goals he is currently emphasizing. A decision is something quite apart from the actual performance of the act that has been decided upon.

II. GOALS

There are three types of goals used in decision making: (1) ultimate goals, (2) immediate goals, (3) sub-goals or means-end chains. For the purpose of making everyday decisions in a particular case, the decider must do two things: (1) determine clearly the specific goals which he has; (2) determine a means of achieving the specific goals.

Intermediate goals are means to achieving ultimate goals. The achievement, the decider feels, will assure that the ultimate goals are actually decisions. Intermediate goals are ordinarily complements to one another.

In the decision making process there is no need to have a general classification system for goals or a list of universally accepted goals. What we need is a concept of how to determine clear-cut goals.

In a clearly framed decision each step in the sequence should serve as (1) the most effective means available for achieving the step above, and (2) a goal for the step beneath. Each is a cause we believe will produce the goal above, a result that we anticipate will be produced by the cause lying below it and is a decision that has already been made.

Most of the time we work backwards from the ultimate goals down to the intermediate means.

III. USES OF THE CONCEPT OF GOALS AND MEANS-END CHAINS

1. Each lower step is more concrete than the one above it. By pushing our thinking down the decision sequence we find the goals that are relatively definite.

2. The decisions made within this framework of thinking are more likely to stand up well when examined in retrospect.

3. The use of the concept enables us to re-appraise our decisions and to make sure that each will be the most effective means at our disposal for achieving the goal just above it.

4. We can detect missing or vague links of the chain - that is, decisions to which we have given little or no thought.

5. The concept of goals and means provides a tool for determining what the problem facing us really is.

IV. THE CREATIVE PROCESS

The creative process consists of framing ideas for new or heretofore unthought of alternatives. A good chief executive is constantly called upon to create alternatives. It is his responsibility to take the initiative in creating pictures of new intermediate goals and developing ideas for new improved ways of achieving them. The creative process of a chief executive is a particularly lonely one.

V. THE PREMISE CONCEPT

A premise is composed of three elements: a cause, a result, and the logical connection.

The use of premise in making decisions requires two steps: (1) uncovering the premises, and (2) classifying them according to whether they are wanted or unwanted consequences.

Whether the premises are predominantly factual or predominantly value oriented enables us to determine whether the premise as a whole is mostly of a factual or of a value nature. This helps to pinpoint and describe the uncertainty connected with the decisions.

VI. ANTICIPATING THE DECISIONS OF OTHERS

One cannot become letter perfect in anticipating the decisions of others. However, if he is more perceptive, he can reduce the number

of wrong guesses he makes by the deliberate use of some of the ideas.

A. Methods of determining the goals of other persons

1. The art of listening.
2. Presume that each man thinks he acts rationally.
3. Looking into the sources from which men develop their premises and goals.
 - a. Goals drawn from outside an organization.
 - b. Goals drawn from cultural heritage.
 - (1) His national heritage
 - (2) His religious and moral heritage
 - (3) Inherited political and social philosophies

B. The inducement-contribution concept:

The objective of the inducement and contribution concept is to make sure that under the proposed plan the excess of inducement will in the eyes of each of the company's member groups be greater than those under the present plan. To use this approach the decider must try to place himself in the position of the various groups in the company and look at the decision as they would.

VII. GAINING ACCEPTANCE OF DECISIONS

A. Authority:

Authority is an attempt to guide the behavior of another individual. There are three types of authority:

1. Simple authority - the term "simple authority" is used to describe an authority relationship in which the receiver employs the giver's request or instructions as a sole piece of information in framing his premises for deciding what to do.
2. Proof - In using proof as a type of authority we attempt to change our receiver's mind. Our objective is have him think with us and then eventually concur with our proposal as being both logical and desirable.
3. Sanctions - Sanctions are rewards or punishments for the

receiver by the giver at his discretion. Sanctions may be implied or outright statements.

B. Leadership:

Leadership is closely tied up with the authority concept. A man gradually wins leadership by successfully exercising authority on many occasions. Leadership acceptance occurs only after repeated and successful decisions have been made. Leadership greatly widens the zone of acceptance on the part of the receiver.

1. Attributes of an ideal leader:

- a. An ideal leader is able to create ideas for goals that his followers will accept with enthusiasm.
- b. He has a gift for crystalizing the aspirations of his group into words and conceiving plans for their realization.
- c. The leader must care.
- d. The leader makes things happen.
- e. The leader must be willing to carry out a plan in the face of indifference or active opposition.
- f. He must be able to change his viewpoint easily. Many people will accept a man as a leader without much critical evaluation of his ability. Habitual acceptance or indifference are two instances of this acceptance.

A man's subordinates are usually even more perceptive than his superiors about his qualities as a leader.

2. The use of informal groups in getting acceptance:

The term "informal group" is used to designate a group of people who have been drawn together for the purpose of achieving certain goals which they have in mind. This group exists only as long as its members feel that it serves a need.

An awareness of the presence of informal groups enables an executive to revise his plans to a point where they are more acceptable to employees than they might otherwise be. Most informal groups that are found in a company are formed for one of

two reasons: (1) because of similarity in the men's backgrounds, and (2) to solve annoying problems.

If an executive wishes to employ goals of the informal group to further the company's goals, he must reformulate his executive plans so as to meet some of the goals of the informal group.

Informal organization channel communication can be used very effectively to gain acceptance of new ideas. Caution must be exercised to prevent the growth of rumors however, and thus the executive must be sure he furnished the message carrier with the proper information.

Leaders of informal groups are a very effective means of employing the informal groups to gain acceptance of ideas. They serve the company in two ways: (1) As key men to talk with when attempting to gain a group's acceptance of a proposed change; (2) As a source of potential company executives.

If the company executives are not sensitive to the needs of informal groups, the members will faithfully strengthen their loyalty to the groups in an effort to utilize their personal goals. Characteristically the result is lowered company efficiency and a decline in employee morale.

3. Winning Leadership

- a. Building a long series of good decisions.
- b. Employing more alternatives and premises than other people use.
- c. Using group decision making techniques.
- d. Anticipating dangers and timing proposals.
- e. Intellectual and moral integrity.

VIII. COMMUNICATION AND TRAINING

The purpose of communication is to transfer from the mind of one person to the mind of another the mental images needed for making decisions. Perfect communication is achieved when the receiver sees exactly the same things as the giver. There are two types of communication.

A. Temporary - useful pieces of information which float through the organization in a steady stream and are cast aside once they have served their purpose in making the decision immediately at hand.

B. Permanent - the transmittal of permanent useful pieces of information which should prove useful in making a large number of decisions over a rather long period of time.

To exercise authority, communication is essential. The same is true of leadership, but whereas failures in authority and leadership result in rebellion, failures in communication result in overly high expenses and bad decisions.

A. The job of communication resolves itself into five tasks:

1. Deciding what premise the man at the destination needs in order to make the decisions he is responsible for.
2. Determining the best sources or origins for these premises.
3. Determining the best vehicles for carrying them accurately and rapidly from the source to the destination.
4. Setting up a form which they will fill in quickly and accurately.
5. Initiating the flow to make certain that the premises are actually transmitted.

B. Common barriers to communications:

1. Failure to obtain or hold the decider's attention.
2. Failure to state the premises clearly.
3. Failure of the decider to acquire all the necessary premises.
4. Deliberate or unconscious errors.
5. Distance over which transmission must flow.

The supply of premises for men who handle routine jobs and make routine decisions over long periods of time can best be handled by preparing certain rules and regulations which they are to follow. Standardization of tasks is not a panacea. It has its drawbacks and limitations. It often produces unforeseen and unwanted consequences. However, in

most cases the decisions are of a better quality.

C. Manuals as a source of permanent premises.

There are three types of manuals which can be used simultaneously for making decisions.

1. An orientation manual, the purpose of which is to provide members with a statement of long term goals for the company.
2. A standard practice instruction manual containing accounting procedure and quality specifications designed to insure uniformity in handling a mass of detailed standardizable work.
3. A job manual containing complete job descriptions. Manuals of the three types mentioned can be used effectively only in conjunction with the staff of executives willing and able to think. In executive training we try to communicate a method of good thinking which men can use permanently.

IX. THE SEMI-PERMANENT ORGANIZATION STRUCTURE

Experts believe organization structure to be one of management's most baffling problems. The term "semi-permanent formal organization structure" means the long term relationship of the parts of the organization to the whole organization. A company's organization is not anything tangible. It is a mental image.

The specific purpose of the formal organization structure is to set up the concrete duties which the employees are to perform rather permanently and to describe how they shall be integrated. A second specific purpose is to make men feel that performing their proposed task is the normal, the accepted thing to do.

Using a chart lifted from a book or one used successfully by other companies is one of the most unsuccessful ways of organizing a company.

The idea of building the structure from the bottom up instead of from the top down provides one source of insight useful in reshaping the company's organization structure. The idea of specialization furnishes another source of insight into the task of creating a simple organization structure.

A. Rebuilding the Departments to Achieve the Company's Goal

The procedure for each department should be:

1. To visualize the specific tasks it must perform unusually well.
2. To conceive a picture of the ideal men and equipment for carrying out those tasks.
3. To compare the men and equipment now in the department with these ideals.
4. To decide what changes should be made.

The executive is charged with the responsibility of changing each department by looking at the specific tasks and goals which it is supposed to accomplish. After the proper adjustments have been made in the individual departments, it is necessary for the executive to look at the whole again to make sure that it will be a flexible functioning entity.

The chief purpose in tying two, three, four or more groups together under one head is to facilitate quick and accurate communication between these groups.

X. PLANNING AND PUTTING PLANS INTO EFFECT

A. Objectives in anticipating the company's idealogical, political and legislative environment:

1. It enables the executives to set for the company specific goals which can be described in detail and used as clearly defined targets.
2. A long term prediction of the environment helps the executive to decide what changes must be made in a company's organization.

B. Concepts designed to supply a framework and a set of tools for thinking about and coping with the task of anticipating the company's environment:

1. The concept of a perfect world.
2. A classification system which will comfortably contain the detail predictions the executive must make.
3. Ranking the detailed figures according to their probable impact on the company's welfare.
4. Projecting the details of the men's past actions into the future.

5. Using the ideas of others for predictive purposes.
6. Laying flexible long term plans.
7. Putting the program into effect.

XI. FORESEEING THE COMPANY'S ECONOMIC COMPETITIVE ENVIRONMENT

Annual gross margin may be used as a tool in trying to analyze the general business conditions of the nation. Annual gross margins are the year's sales volume in units multiplied by the spread between the average selling price of the unit and the average out-of-pocket cost per unit. Predictions can be made using these figures as to what the actual margins for American businesses as a whole or for the company will be. In addition to the use of the concept of annual gross margins, one must always take into consideration the general business conditions as they exist currently and some idea of the expectations for the future.

In addition to general business conditions and the changes in gross annual margins one must take into consideration the role of the Federal Government in the economic environment.

A. Predicting conditions within the company's industry:

One must be aware of the trends in the company's percentage of the industry sales line. In addition, one can sometimes visualize what specific groups of customers will do and in that way determine the prospect for increasing the amount of the product sold. Also, the actions of the individual competitors within the industry are very useful for the prediction of future sales.

A visual image of the forthcoming technological innovations in raw materials in manufacturing and in products designed which will be adopted by companies in the industry fills in the details of the environment in the industry. These are simply guesses that can be made and one must be content with them.

B. Deciding on the company's long term policies:

The goal that clearly must be emphasized in the company is that of fulfilling a customer need more successfully than competitors. If the company reaches this goal, most of its other intermediate objectives such as making a good profit or improving its position in the industry will be obtained at the same time.

When management has a detailed plan in mind, it can test it mentally on various groups that will be affected to see whether members will approve or whether they will oppose it because of their goals being jeopardized. Testing a long range program and revising it also sharpens the executive's mental image of its details and enables him to describe in clear language the goals contained in it. In doing so, the executive can be expected to make better short term administrative decisions.

An appraisal of the strength and weakness in the various company operations provides premises for:

1. Detecting any shortcomings of the departments which might account for the company's failure to prosper in its present service area as well as had been expected.
2. In determining where the company enjoys advantages over its competitors.
3. In planning the remedial steps which must be taken in order to secure a larger proportion of the business available.

After the executives have visualized the forthcoming environment and diagnosed the company's ability to compete in their present areas, they have formed some tentative ideas for several other service areas and accumulated opposing array of alternatives. The first step in choosing possible areas of service is to list them in rank according to their importance. The next step is to nail down the alternatives. A third step consists of imagining that the forthcoming environment has now arrived and trying out the various areas mentally.



Incident Process

APPENDIX II

THE INCIDENT PROCESS

The incident process can be used as a valuable tool in teaching various portions of management material. The incident process is a short, case-type teaching tool and must be carefully thought through before an attempt is made to use it.

The use of this technique involves the students in a group fact gathering process and in individual formulation and defense of a decision. There are six steps in the process:

1. Presentation of the incident
2. Fact finding
3. Defining the issue (s)
4. Making the decision
5. Evaluation and generalization
6. Comparing the class decision with the actual decision.

Presentation of the Incident

The discussion leader passes out the description of the incident to the students after informing them of the steps in the incident process. The incident below gives an example of the type of information presented to the student.

THE HAYES DEPARTMENT STORE CASE ^{1/} THE INCIDENT

Betty Ordway (to Jim Richards): Here it is!

Jim Richards: Ed said it would be in the suggestion box.
Let's see what it says!

Betty Ordway: (after reading the "suggestion"): This looks like a clear case of insubordination.

Jim Richards: It's more than that. Morgan has made a pest of himself by asking over and over again the price of a pair of shoes. He must think I'll give him a pair if he keeps asking.

^{1/} The incident, and all the materials accompanying it, was prepared and presented during the test demonstration schools by Mr. Grant Moon, Chief, Management Development Division, Small Business Administration, Washington, D. C.

Betty Ordway: What are you going to do with him?

Jim Richards: I'll let you know shortly. I'm going right over now and talk with Ed.

- - - - -

ASSIGNMENT TO DISCUSSION GROUP MEMBERS:

Put yourself in the position of Jim Richards, the Department Head. What might you do (1) in dealing with the incident? (2) in handling some fundamental issues in this situation -- issues highlighted by the incident?

(It is not suggested that you attempt to take on Mr. Richard's personality, but merely that you imagine yourself in his position in this organization. Using your best judgement, what course of action do you think you could suggest and "live with"?)

Fact-Finding

After the students have read the incident and the assignment, individual members are allowed to ask questions of the discussion leader concerning the facts of the incident. To aid in presenting the facts, the discussion leader can use exhibits similar to those given below, when the proper questions have been asked, as an aid to presenting the answer.

EXHIBIT I

"Suggestion" of Gill Morgan

"I suggest that when a department head tells a person, about a week before, he can have a day off that he not be a chicken livered, vacillating, shilly-shallying, oscillating supervisor lacking fortitude and courage to stand up to his own shadow. Just being a supervisor doesn't mean that with a mere suggestion from the general manager he can, without further provocation or justification, disregard the feelings of his employees."

EXHIBIT II

Conversation Between Gill Morgan and Jack Harmon

Gill Morgan: (Disgustingly to Jack Harmon) "Of all the low down tricks -- the Boss just now told me I can't have tomorrow off."

Jack Harmon: "What's so bad about that? It's just St. Patrick's Day."

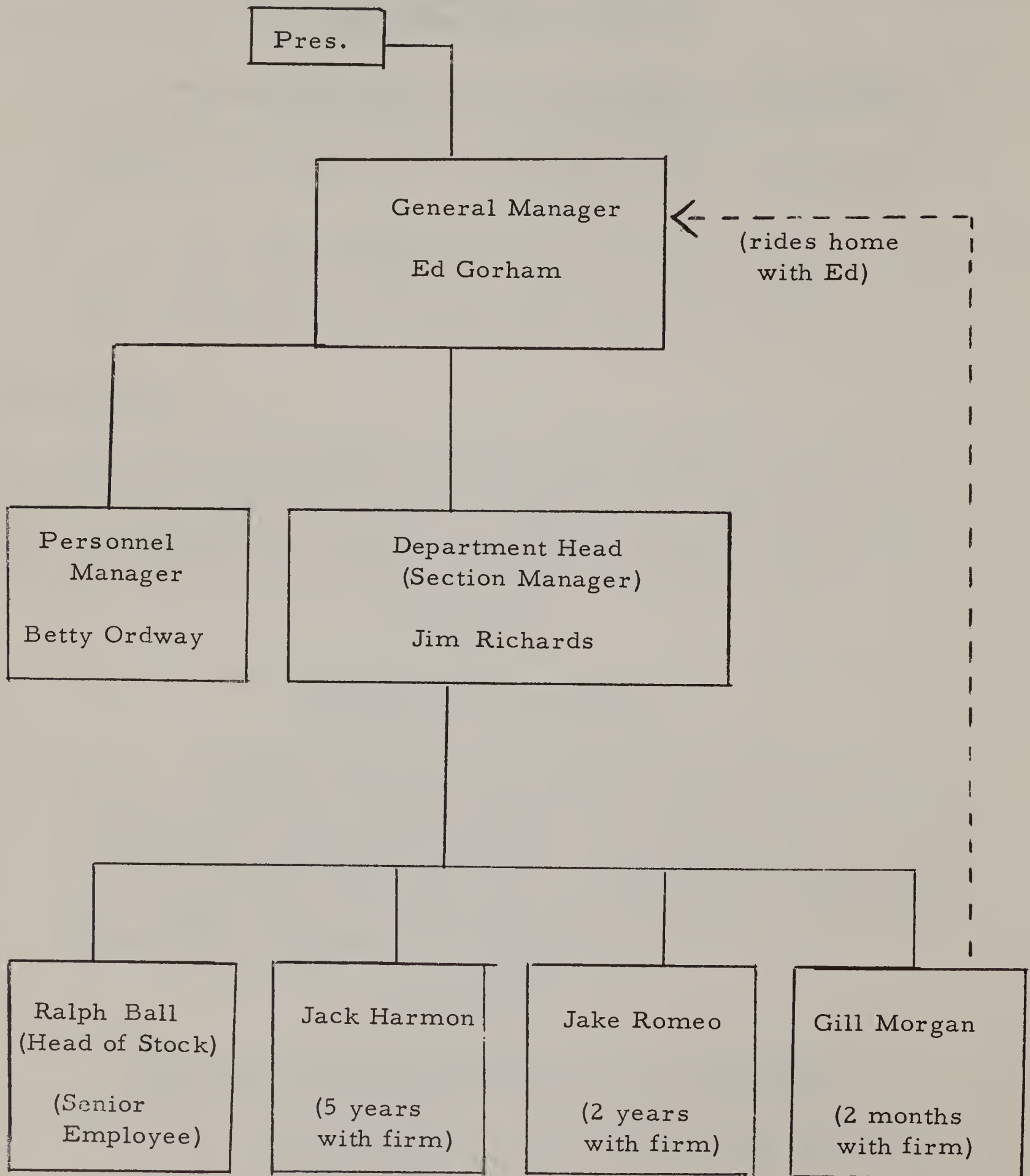
Gill Morgan: "He gave me permission to have St. Patrick's Day off when I talked to him last Friday. President Eisenhower is in town for the parade; it's my wife's birthday; and we have made plans."

Jack Harmon: "Well, I guess there isn't much you can do about it."

Gill Morgan: "Oh yes there is!"

EXHIBIT III

PARTIAL ORGANIZATIONAL CHART FOR
HAYES DEPARTMENT STORE



In addition to the exhibit material the discussion leader has information which amplifies the exhibit data. For instance, he is able to tell the group that:

1. The Hayes Department Store is located in Newark, New Jersey.
2. The time of the incident is St. Patrick's Day.
3. The day before, Ed Gorham, General Manager, was called into the office of the president and was told that all departments should be fully staffed in anticipation of a large amount of trade as people returned from the St. Patrick's Day parade.
4. Jim Richards, Shoe Department Head, was informed of this decision and told Gill Morgan that he would have to report for work the next day - St. Patrick's Day.
5. Upon being told that he could not have the day off, Gill Morgan got rather hot under the collar. He walked off grumbling to himself. At this time he held the conversation with Jack Harmon. (Exhibit II)
6. After he left Jack Harmon, he proceeded to write the suggestion (Exhibit I). He met Ed Gorham, with whom he occasionally rode home on the subway, and showed him the suggestion. Ed Gorham advised him not to place the suggestion in the suggestion box and to forget the whole matter.
7. Gill Morgan placed the suggestion in the suggestion box, making sure that no one saw him do it.
8. The next morning Jim Richards and Betty Ordway opened the suggestion box and had the conversation of the incident. The suggestion box had been opened last Friday and was not scheduled to be opened again for two weeks.
9. Gill Morgan was married, 29 years old, had one child, had recently moved to New York from the midwest to attend Graduate School at New York University. Gill had finished his undergraduate work on the GI Bill, but in moving the records had been fouled up and he had not received a check for 2 months. He went to work with the Hayes Department Store to earn sufficient funds to tide him over this payless period and then hoped to continue working to supplement his income.

Since he lived in New York City, he was required to travel

a fairly long distance to work. This took him about two and a quarter hours each way.

Gill Morgan had education which was superior to the men he worked with. At times this superiority complex was evident in his relationships with his fellow workers, although no real problems had occurred.

10. The Hayes Department Store policy allowed employees a discount of 20 per cent on items which could be worn to work and 10 per cent on items which could not. Gill Morgan had been learning the stock and had asked Jim Richards several times the price of various brands and models of shoes. Inadvertently he had asked about the same pair several times, thus the comment during the incident.
11. Jack Harmon and Jake Romeo were steady, hardworking clerks, and went about their business with very little supervision.
12. Ralph Ball was a man of about sixty, a widower, a steady and conscientious worker. He had been with the store for a long time and knew the customers well. He had also been promised the day off and planned to visit his married daughter for the day.

Ralph Ball and Gill Morgan on several occasions had words over Ralph Ball's sales technique. Ball had the habit of picking out well-dressed customers and meeting them outside the department in an effort to make sales. Gill Morgan noticed this and began using this technique himself and was very successful in its application. Ralph Ball considered this improper and told Gill Morgan to stop doing it. Gill felt that since he helped in the stock room and was thus unable to make as many sales as Ball, Harmon and Romeo, he should be allowed to increase his sales in any way possible.

13. Ralph Ball was not contacted by Jim Richards and took the day off as planned.
14. The outing planned by Gill Morgan was the first day that he and his wife had taken off since the baby was born several months ago. They had arranged for a baby sitter, planned to see the St. Patrick's Day parade, go to dinner and then to Radio City Music Hall for the evenings entertainment. It was also Gill's wife's birthday and they had saved for this day.

Defining the Issue

The discussion leader asks the group to define the issues involved in the incident, paying particular attention to certain broad areas such as planning, organization, integrity, attitude, policy, delegation, responsibility, authority and etc. This part of the process is similar to brainstorming in discovering the real issues involved. Any area can be mentioned and should be listed.

When the group has ceased defining issues, then the discussion leader should attempt to have the group boil them down into the very important issues involved. During this time the discussion leader should make sure that the group understands that although all issues are important, only a few actually enter into the decision process.

Making the Decision

The decision to be made is, in this case, to fire or not to fire. Although members of the group may feel that a severe reprimand should be given, they should be encouraged to take one of the two specific actions. The decision can be written down on a piece of paper and should also include a very short narrative containing the reasons for the decision.

Evaluation and Generalization

The evaluation session may only be a posting of the numbers of people making a given decision. In some cases two groups may be formed and they may draw up a group report with reasons for the decision.

On the basis of the above discussion, the discussion leader should re-emphasize the points illustrated by the incident. Remember, the incident is just a tool used for teaching.

Comparing the Class Decisions with the Actual Decision

The group should be given the actual decision made in the incident.

Actual Decision Hayes Department Store Case

Gill Morgan reported for work the next day. He went about his duties as though nothing had happened. The incident occurred early in the morning of this day, and Jim Richards went to see Ed Gorham immediately after opening the suggestion box. Gill Morgan worked the full day. Actually they had less business than on the previous day; however, Gill did not comment on this fact to anyone. He returned home on St. Patrick's Day evening after a most uneventful day.

The day after St. Patrick's Day Gill arrived at the store and was called into Betty Ordway's office. A piece of paper lay on the desk, obviously his suggestion made two days previous.

Betty Ordway: Did you write this suggestion the day before yesterday?

Gill Morgan: Yes, I did.

Betty Ordway: I'm sorry, but we'll have to let you go. Here's your pay through yesterday. Please leave by the back door so as not to disturb the other employees.

And Gill Morgan left to take his two and a quarter hour subway ride home.



Sources of Information

APPENDIX III

SOURCES OF MANAGEMENT INFORMATION

Many volumes have been written in the field of management. Much of the printed work in management is very recent since the importance of management has been receiving greater emphasis in recent years.

A great deal of very excellent reference material is not included in this bibliography. This is not meant to imply either that this bibliography contains the best reference material in all cases or that material not listed here is not worth reading. In fact, it is quite likely that someone else reviewing the field would select a bibliography quite different from this one.

This bibliography attempts to show different types of information as well as different viewpoints.

There are several types of publications which will be useful in expanding the scope of the material presented in the text: bulletins, pamphlets, trade journals and text books covering specific areas.

I. Bulletins and Pamphlets

There are at least two excellent sources of a wealth of bulletins, pamphlets, and other material on management; namely, the American Management Association (AMA) and the Small Business Administration (SBA). The AMA publishes pamphlets and books on various segments of management in several types of series including General Management Series, Personnel Series, Marketing Series, Special Studies, Special Reports, Management Reports, and Research Studies.

Among those suggested for reading in special fields are the following:

A. American Management Association (AMA)

Improving Managerial Performance, General Management Series
No. 186

The Dynamics of Management, General Management Report No. 14

The Man in Management: A Personal View, General Management
Series No. 189

Improved Techniques for Administration and Control, General
Management Series No. 187

Organization and Action for Improved Administration, Personnel
Series No. 173

Increasing Profits on the Marketing Dollar, Marketing Series No. 100

Materials and Methods of Sales Forecasting, Special Report No. 27

Aspects of Modern Marketing, Management Report No. 15

Establishing a New Product Program, Management Report No. 8

The Personnel Function: A Progress Report, Management Report
No. 24

Problems and Practices in Industrial Relations, Management
Report No. 16

People at Work: The Human Element in Modern Business,
Management Report No. 1

Management Creeds and Philosophies, Research Study, No. 32

Supervisory Responsibility and Authority, Research Report No. 30

Defining the Manager's Job, Research Study No. 33

In addition, the American Management Association sends periodicals to its members highlighting the latest studies and information in the field of personnel, management, marketing, etc.

B. The Small Business Administration (SBA): The SBA has several types of publications including management aids, which are leaflets on particular subjects, small marketers aids, technical aids, and small business management series, as well as other special booklets. In addition, the early management aids and technical aids have been combined into annuals. Among the suggested reading for management from the publications for small business are the following:

Small Business Management Series

Cutting Office Costs in Small Plants, No. 6

Better Communications in Small Business, No. 7

The Foreman in Small Industry, No. 14

Ratio Analysis for Small Business, No. 20

One Hundred and Fifty Questions for a Prospective Manufacturer, No. 2

Executive Development in Small Business, No. 12

Making Your Sales Figures Talk, No. 8

Human Relations in Small Industry, No. 3

Improving Materials Handling in Small Plants, No. 4

Cost Accounting for Small Manufacturers, No. 9

A Handbook of Small Business, No. 15

An Employee Suggestion System for the Small Plant, No. 1

In addition, the Small Business Administration publishes periodically a list of aids and booklets currently available. SBA Annuals Number 1, 2, 3, and 4 are recommended since several of the aids incorporated as part of these annuals are especially applicable to management.

II. Trade Journals

The process of decision making sometimes forces the managers to use data obtained from sources outside the firm. There are many possible sources of this information, a few of which have been listed under general publications and data sources.

To help managers keep abreast of current developments within the industry, a partial list of trade journals has been made.

A. POULTRY PRODUCTS

Hatchery and Feed

Watt Publishing Co.
Mt. Morris, Ill.

American Egg and Poultry Review

Urner Barry Co.
92 Warren Street
New York, N. Y.

Poultry and Egg Weekly

The Packer Publishing Co.
Second and Delaware Street
Kansas City, Missouri

Hatcheryman's Classified Exchange

W. W. Magnes
P. O. Box 152
Batesville, Arkansas

Broiler Industry

Garden State Publishing Co.
Garden State Building
Sea Isle City, N. Y.

American Hatchery News

American Poultry and Hatchery Federation
521 E. 62nd. Street
Kansas City, Missouri

Poultry Processing and Marketing

Watt Publishing Co.
Mt. Morris, Illinois

Georgia Poultry Times

Charles D. Smithgale
Press Radio Center
Gainesville, Georgia

Turkey World

Watt Publishing Co.
Mt. Morris, Illinois

American Poultry Journal

H. F. Eisert, Publisher
180 N. Wabash Avenue
Chicago, Illinois

B. COTTON AND PEANUTS

The Cotton Trade Journal

The Cotton Trade Journal, Inc.
Hickman Building
Memphis, Tenn.

The Cotton Gin and Oil Mill Press

Houghton Publishing Co.
3116-18 Commerce Street
Dallas, Texas

The Staple Cotton Review

Staple Cotton Cooperative Association
210-214 W. Market Street
Greenwood, Miss.

Peanut Journal and Nut World

The Peanut Journal Publishing Co.
212-223 Jones Building
Suffolk, Virginia

C. CANNING AND PACKING FRUITS AND VEGETABLES

The Packer

The Packer Publishing Company
Second and Delaware Streets
Kansas City, Missouri

Fruit and Vegetable Reporter

N. Y. Daily Fruit and Vegetable Reporter
165 Duane Street
New York, N. Y.

The Produce News

6 Harrison Street
New York 13, New York

Food Packer

Vance Publishing Corporation
139 N. Clark Street
Chicago, Illinois

Canning Trade

Canning Trade Inc.
20 South Gay Street
Baltimore, Maryland

Packing and Shipping

Bonnell Publications, Inc.
118 E. 7th Street
Plainfield, N. J.

Southern Food Processor

E. H. Abernethy Publishing Co.
75 Third Street, N. W.
Atlanta, Georgia

The Canner and Freezer

Clessold Publishing Co.
105 W. Adams Street
Chicago, Illinois

D. FEED AND GRAIN

Grain and Feed Journals Consolidated

Grain and Feed Journals Consolidated, Inc.
141 W. Jackson Blvd.
Chicago, Illinois

Farmers Elevator Guide

1011 Lumber Exchange
Minneapolis, Minnesota

Eastern Feed Market - Southern Edition

Garden State Publishing Company
Garden State Building
Sea Isle, New Jersey

E. WOOD PRODUCTS

1. Softwood Lumber Manufacturers

Southern Lumberman

J. H. Boird Publishing Co.
2916 Sidco Drive
Nashville, Tennessee

Southern Lumber Journal

Richard Ben Wand
P. O. Box 448
Jacksonville 1, Florida

American Lumberman and Building Products Merchandizer

H. A. Vance
139 N. Clark Street
Chicago, Illinois

Building Materials Merchant and Wholesaler

Industrial Publishing, Inc.
5 S. Wabash Avenue
Chicago, Illinois

Gilliam's Market Report and Weekly Newsletter

Jack Gilliam
187 Spring Street, N. W.
Atlanta 3, Georgia

2. Hardwood Lumber Manufacturers

National Hardwood

Memphis Lumberman Co., Inc.
2065 Union Avenue
Memphis, Tennessee

Chicago Market News

Irving-Cloud Publishing Co.
1408 Merchandize Mart Plaza
Chicago, Illinois

Industrial Woodworking

Cleworth Publishing Co., Inc.
River Road
Cas Cab, Connecticut

Hardwood Market Report

P. O. Box 5716
Memphis 4, Tennessee

3. Furniture Manufacturers

Furniture South

Towse Publishing Company
High Point, N. C.

Wood and Wood Products

Vance Publishing Corp.
139 N. Clark Street
Chicago, Illinois

Furniture News

Cosgrove Publishing Company
666 Lake Shore Drive
Chicago, Illinois

Chicago Market News

Irving-Cloud Publishing Co.
1408 Merchandize Mart Plaza
Chicago, Illinois

Hitchcock's Wood Working

Hitchcock's Publishing Co.
222 E. Willow Avenue
Wheaton, Illinois

Modern Woodworking Furniture Manufacturers Guide

Walter B. and James D. Powell
P. O. Box 752
Memphis, Tennessee

Furniture Production

Production Publishing Co.
804 Church Street
Nashville, Tennessee

Industrial Woodworking

Cleworth Publishing Co., Inc.
River Road
Cas Cab, Connecticut

Hardwood Market Report

P. O. Box 5716
Memphis 4, Tennessee

4. Retail Lumber and Building Supply Dealers

Southern Building Supplies

W. R. C. Smith Publishing Co.
806 Peachtree Street, N.E.
Atlanta, Georgia

American Lumberman and Building Products Merchandiser

H. A. Vance
139 N. Clark Street
Chicago, Illinois

Building Materials Merchant and Wholesaler

Industrial Publishing, Inc.
5 S. Wabash Avenue
Chicago, Illinois

Building Supply News

Industrial Publishing, Inc.
5 S. Wabash Avenue
Chicago, Illinois

5. General

Biddle Price Digest

Biddle Purchasing Company
280 Broadway
New York 8, New York

F. MILK AND MILK PRODUCTS

Ice Cream Field

Ice Cream Field Publishing Co., Inc.
23 West 47th Street
New York, New York

Ice Cream Trade Journal

R. H. Donnelly Corp.
305 East 45th Street
New York, New York

Ice Cream Review

Olsen Publishing Co.
1445 N. 5th Street
Milwaukee, Wisconsin

American Milk Review

Urner Barry Co.
92 Warren Street
New York, New York

Food Technology

Institute of Food Technologists
11606 South Bell Avenue
Chicago 43, Illinois

Journal of Dairy Science

American Dairy Science Association
32 Rideway Circle
White Plains, New Jersey

Southern Dairy Products Journal

88 Ellis Street, N. W.
Atlanta, Georgia

Factory

McGraw-Hill Publishing Co.
330 W. 42nd Street
New York 36, N. Y.

Journal of Milk and Food

Inter. Assoc. Milk and Food Sanitarians
P. O. Box 437
Shellyville, Indiana

Food Engineering

McGraw-Hill Publishing Co.
330 W. 42nd Street
New York 36, New York

Milk Dealer

Olsen Publishing Co.
1445 N. 5th Street
Milwaukee, Wisconsin

Milk Products Journal

Olsen Publishing Co.
1445 N. 5th Street
Milwaukee, Wisconsin

Dairy Record

Dairy Record Publishing Co.
391 Minnesota Street
St. Paul 1, Minnesota

G. TEXTILE TRADE JOURNALS

Textile Industries

W. R. C. Smith Publishing Co.
806 Peachtree Street, N. E.
Atlanta, Georgia

Modern Textiles

A. H. McCollough, Pub.
303 Fifth Avenue
New York, New York

Textile World

McGraw-Hill Publishing Co., Inc.
330 W. 42nd Street
New York, New York

Textile Bulletin

Clark Publishing Co.
218 W. Morehead Street
Charlotte, N. C.

Daily News Record

Fairchild Publications, Inc.
7 E. 12th Street
New York, New York

American Dyestuff Reporter

American Association of Textile Chemists and Colorists, Pub.
44 E. 23rd Street
New York, New York

Textile Research Journal

Textile Research Institute
Box 625
Princeton, N. J.

Cotton Trade Journal

Hickman Building
Memphis, Tenn.

Linens & Domestic's

Haire Publishing Co., Inc.
111 Fourth Avenue
New York, New York

Southern Textile News

Mullen Publications, Inc.
Johnston Building
Charlotte, N. C.

Textile Technology Digest

Institute of Technology
Charlottesville, Va.

III. Other Publications and Sources of Data

To keep abreast of new developments which bear on the socio-economic conditions both locally, nationally, and internationally the manager must constantly read non-technical materials which give him this type of information.

A few publications which provide information on socio-economic conditions and provide data useful in the decision making process.

Harvard Business Review

Harvard Graduate School of
Business Administration
Soldiers Field
Boston, Mass.

Time

Time Subscription Service
540 N. Michigan Avenue
Chicago 11, Illinois

Personnel

Personnel Magazine
AMA - 1515 Broadway
New York 36, New York

Agricultural Outlook Digest

Agricultural Marketing Service
U. S. D. A.
Washington 25, D. C.

Other government publications:

Agricultural Decisions

Agricultural Situation

Crops and Markets

Census of Agriculture

Economic Indicators

Survey of Current Business

Business Statistics Summary

The Federal Reserve Charts on

Bank Credit, Money Rates and Business

Economic Reports of the President

All from:

Superintendent of Documents
U. S. Government Printing Office
Washington 25, D. C.

The Management Review

American Management Assoc., Inc.
1515 Broadway
Times Square
New York 36, New York

Newsweek

152 West 42nd Street
New York 26, New York

Wall Street Journal

Dow Jones and Co., Inc.
1015 14th Street, N. W.
Washington 25, D. C.

Reports of Agricultural Marketing Service
(Crops, Livestock, Market news and situation reports -
request AMS - 48, which lists all available reports)

Marketing Information Division
Agricultural Marketing Service
U.S.D.A., Washington 25, D.C.

Foreign Agriculture Circulars
Foreign Agricultural Trade Digest
Foreign Agricultural Trade of U.S.
Statistical Report
Foreign Crops and Markets

Foreign Agricultural Service
U.S.D.A., Washington 25, D.C.

IV. Books

(Books marked with an asterisk (*) are summarized in Appendix I.)

A. GENERAL MANAGEMENT TEXTS

Allen, Lewis J., MANAGEMENT AND ORGANIZATION,
McGraw-Hill, 1958

Appley, Lawrence A., MANAGEMENT IN ACTION, AMA, 1956

Argis, Chris, EXECUTIVE LEADERSHIP, 1st Ed., Harper & Bros.
New York, 1953

Baker, John Calhoun, DIRECTORS AND THEIR FUNCTIONS,
Graduate School of Business Administration, Harvard
University, 1945

Barnard, Chester I., THE FUNCTIONS OF THE EXECUTIVE,
Harvard University Press, Cambridge, Massachusetts, 1950

Barnard, Chester I, ORGANIZATION AND MANAGEMENT,
SELECTED PAPERS, Harvard University Press, Cambridge,
Massachusetts, 1949

Bender, James Frederick, THE TECHNIQUE OF EXECUTIVE
LEADERSHIP, McGraw-Hill, 1950

Bross, Irwin D. J., DESIGN FOR DECISION, Macmillan, N.Y., 1953

- Bursk, Edward C., THE MANAGEMENT TEAM, Harvard University Press, Cambridge, Mass., 1954
- Chamberlain, Neil W., MANAGEMENT IN MOTION, Yale University, 1950
- Christensen, C. Roland, MANAGEMENT SUCCESSION IN SMALL AND GROWING ENTERPRISE, Harvard University, Graduate School of Business Administration, Division of Research, Cambridge, Mass.
- Copeland, Melvin Thomas, THE BOARD OF DIRECTORS AND BUSINESS MANAGEMENT, Harvard University Press, Cambridge, Mass., 1947
- Copeland, Melvin Thomas, THE EXECUTIVE AT WORK, Harvard University Press, Cambridge, Mass., 1955
- Dale, Ernest, PLANNING AND DEVELOPING THE COMPANY ORGANIZATION STRUCTURE, N.Y., American Management Association, 1952, No. 20
- DeArmond, Fred, EXECUTIVE THINKING AND ACTION, McGraw-Hill, 1946
- Dimock, Marshall E., THE EXECUTIVE IN ACTION, Harper and Brothers, N.Y., 1945
- Drucker, Peter F., THE NEW SOCIETY: THE ANATOMY OF THE INDUSTRIAL ORDER, Harper and Brothers, N.Y., 1950
- *Drucker, Peter F., THE PRACTICE OF MANAGEMENT, Harper and Brothers, N.Y., 1954
- Ferguson, R. O. and Sargent, Lauren F., LINEAR PROGRAMMING: FUNDAMENTALS AND APPLICATIONS, McGraw-Hill, 1958
- Glover, John George, FUNDAMENTALS OF PROFESSIONAL MANAGEMENT, N.Y. Republic Book Co., 1954
- Gray, J. Seton, COMMON SENSE IN BUSINESS, McGraw-Hill, 1956
- Gordon, Robert Aaron, BUSINESS LEADERSHIP IN THE LARGE CORPORATION, The Brookings Institution, Washington, 1945

- Holden, Paul E. , Lounsbury S. Fish and Hubert L. Smith, TOP MANAGEMENT ORGANIZATION AND CONTROL, N. Y. McGraw-Hill, 1951
- *Jones, Manley Howe, EXECUTIVE DECISION MAKING, Richard D. Irwin, Inc. 1957
- Koontz, Harold, and O'Donnell, Cyril, PRINCIPLES OF MANAGEMENT: AN ANALYSIS OF MANAGEMENT FUNCTIONS, McGraw-Hill, N. Y. , 1955
- Learned, Edmund P. , David N. Ulrich and Donald R. Booz, EXECUTIVE ACTION, Harvard University, Graduate School of Business Administration, Division of Research, Cambridge, Mass. , 1951
- Marting, Elizabeth, MANAGEMENT FOR THE SMALLER COMPANY, American Management Association, N. Y. , 1959 (E. Marting, Editor)
- *Merrill, Harwood F. and Elizabeth Marting, Editors, DEVELOPING EXECUTIVE SKILLS, American Management Association
- McFarland, D. E. , MANAGEMENT PRINCIPLES AND PRACTICES, Macmillan Company, 1958
- Newman, William Herman, ADMINISTRATIVE ACTION, New York, Prentice Hall, 1952
- Niles, Mary Cushing Howard, MIDDLE MANAGEMENT: THE JOB OF THE JUNIOR ADMINISTRATOR, Rev. ed. , Harper & Bros. , N. Y. , 1949
- *Phillips, Richard, MANAGING FOR GREATER RETURNS IN COUNTRY ELEVATOR AND RETAIL FARM SUPPLY BUSINESSES, Farmers Grain Dealers Assoc. , Des Moines, Iowa, 1957
- Sampson, Robert C. , THE STAFF ROLE IN MANAGEMENT: ITS CREATIVE USES, Harper and Bros. , N. Y. 1955
- Santmyers, Selby S. MANAGING MEN AT WORK, International Textbook Co. , Scranton, 1950
- Schell, Erwin H. , THE TECHNIQUE OF EXECUTIVE CONTROL, 7th Ed. McGraw-Hill, 1952

Tead, Ordway, THE ART OF ADMINISTRATION, McGraw-Hill,
N. Y., 1951

Terry, George R., PRINCIPLES OF MANAGEMENT, Richard D.
Irwin & Co. 1956

Trundle, George T., MANAGERIAL CONTROL OF BUSINESS, J.
Wiley, New York, 1948

Urwick, L., THE ELEMENTS OF ADMINISTRATION, Harper &
Bros., N.Y. 1943

Urwick, Lyndall F., THE PATTERN OF MANAGEMENT, Univ.
of Minnesota Press, Minneapolis, 1956

Villalon, Luis, J.A., (ed), MODERN INDUSTRY, "Management
Men and Their Methods," Funk and Wagnalls Co., N.Y., 1949

Weiss, Robert Stuart, PROCESSES OF ORGANIZATION, Michigan
Univ. Survey Research Center, Pub. No. 17

B. PERSONNEL RELATIONS

Canfield, Bertrand R., PUBLIC RELATIONS: PRINCIPLES AND
PROBLEMS, Irwin, 1952

Gardner, Buleigh B. and David G. Moore, HUMAN RELATIONS
IN INDUSTRY, 3rd Ed., Irwin, 1955

Harlow, Rex F. and Marvin M. Black, PRACTICED PUBLIC
RELATIONS: ITS FOUNDATIONS, DIVISIONS, TOOLS AND
PRACTICES, Harper, 1952

Homans, George C. THE HUMAN GROUP, Harcourt and Brace
1950

Jucius, Michael J., PERSONNEL MANAGEMENT, 3rd Ed. Irwin
1955

Lesly, Philip, PUBLIC RELATIONS HANDBOOK, Prentice-Hall
1950

Mayo, Elton, THE HUMAN PROBLEMS OF AN INDUSTRIAL
CIVILIZATION, Harvard Business School, 1946

Mayo, Elton, SOCIAL PROBLEMS OF AN INDUSTRIAL CIVILIZATION, Harvard Business School, 1945

Pfiffner, John M., THE SUPERVISION OF PERSONNEL: HUMAN RELATIONS IN THE MANAGEMENT OF MEN, Prentice-Hall, 1951

Pigors, Paul and Charles A. Myers, PERSONNEL ADMINISTRATION: A POINT OF VIEW AND A METHOD, McGraw-Hill, 1951

Scott, Walter D., Robert C. Clothier and William R. Spriegel, PERSONNEL MANAGEMENT: PRINCIPLES, PRACTICES AND A POINT OF VIEW, McGraw-Hill, 1954

Viteles, Morris S., MOTIVATION AND MORAL IN INDUSTRY, Norton, 1953

Yoder, Dale, PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS, 3rd ed., Prentice Hall, 1948

C. MARKETING: SALES MANAGEMENT

Aspley, John, ed., THE SALES MANAGER'S HANDBOOK, 7th ed., rev. Chicago, Dartnell, 1956

Aspley, John, ed., THE SALES PROMOTION HANDBOOK, 2nd ed., Dartnell, 1953

Canfield, Bertrand R., SALES ADMINISTRATION: PRINCIPLES AND PROBLEMS, 3rd ed., N.Y., Prentice-Hall, 1954

Ivey, Paul W. and Walter Horwath, SUCCESSFUL SALESMANSHIP, 3rd ed., N.Y., Prentice-Hall, 1953

Kirkpatrick, Charles A., SALESMANSHIP: HELPING PROSPECTS BUY, Southwestern, 1951

Lester, Bernard, SELLING TO INDUSTRY, Industrial Press, 1952,

National Society of Sales Training Executives, HANDBOOK OF SALES TRAINING, 2nd ed., N. Y., Prentice-Hall, 1954

Nolen, Herman C., and Harold H. Maynard, SALES MANAGEMENT, rev. ed., N. Y., Ronald, 1950

Phelps, Dudley M., SALES MANAGEMENT: POLICIES AND PROCEDURES, Chicago, Irwin, 1951

Russell, Frederic A. and Frank H. Beach, TEXTBOOK OF SALESMANSHIP, 5th ed., N. Y., McGraw-Hill, 1955

Simmons, Harry, SUCCESSFUL SALES PROMOTION, N. Y., Prentice-Hall

Tosdal, Harry R., INTRODUCTION TO SALES MANAGEMENT, 3rd ed., N. Y., McGraw-Hill, 1950



Visuals

APPENDIX IV

Behold the turtle...



He Makes Progress Only When His Neck Is Out

— Dr. J. D. Conant —



**PERSONAL QUALIFICATIONS
FOR LEADERSHIP**

**Sense of proportion
Ability to be oneself
Genuine enthusiasm
Sincerity - consideration for others**

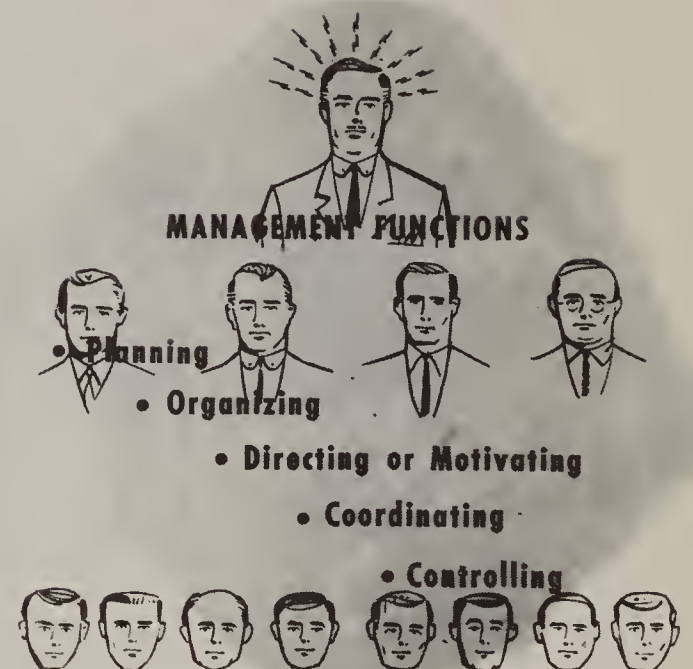
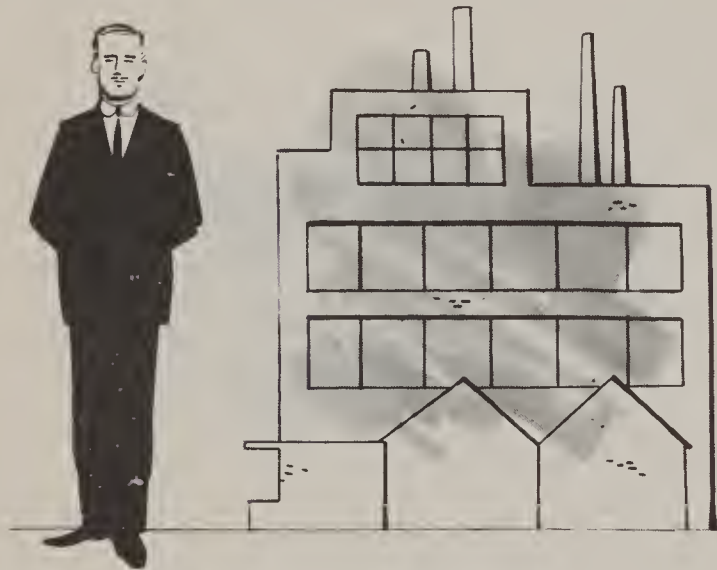
QUALIFICATIONS FOR MANAGEMENT

**Objectiveness, perspectiveness, and balance
Consideration of subordinates
Knowledge of skills and techniques**



New values and objectives in balance

Employee Development Increasingly Important to Productivity



MANAGERING VS. OPERATING

Is the manager managing when he makes a sale to an important customer?

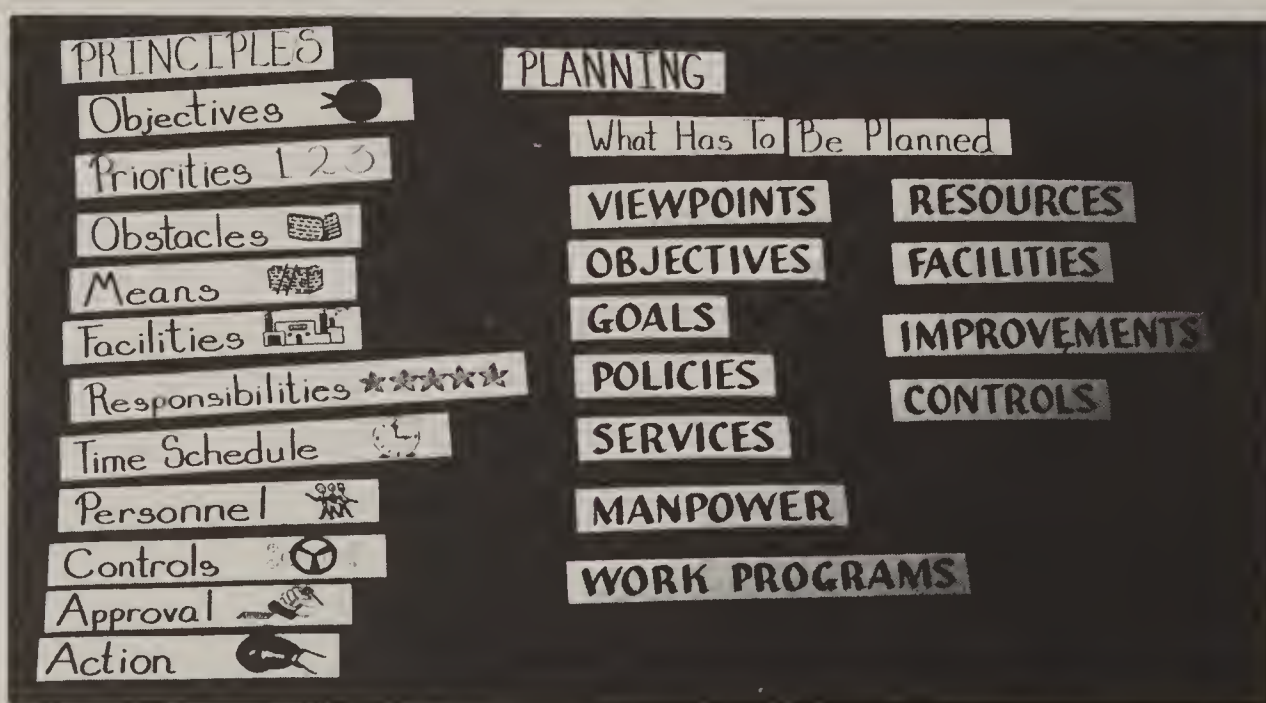
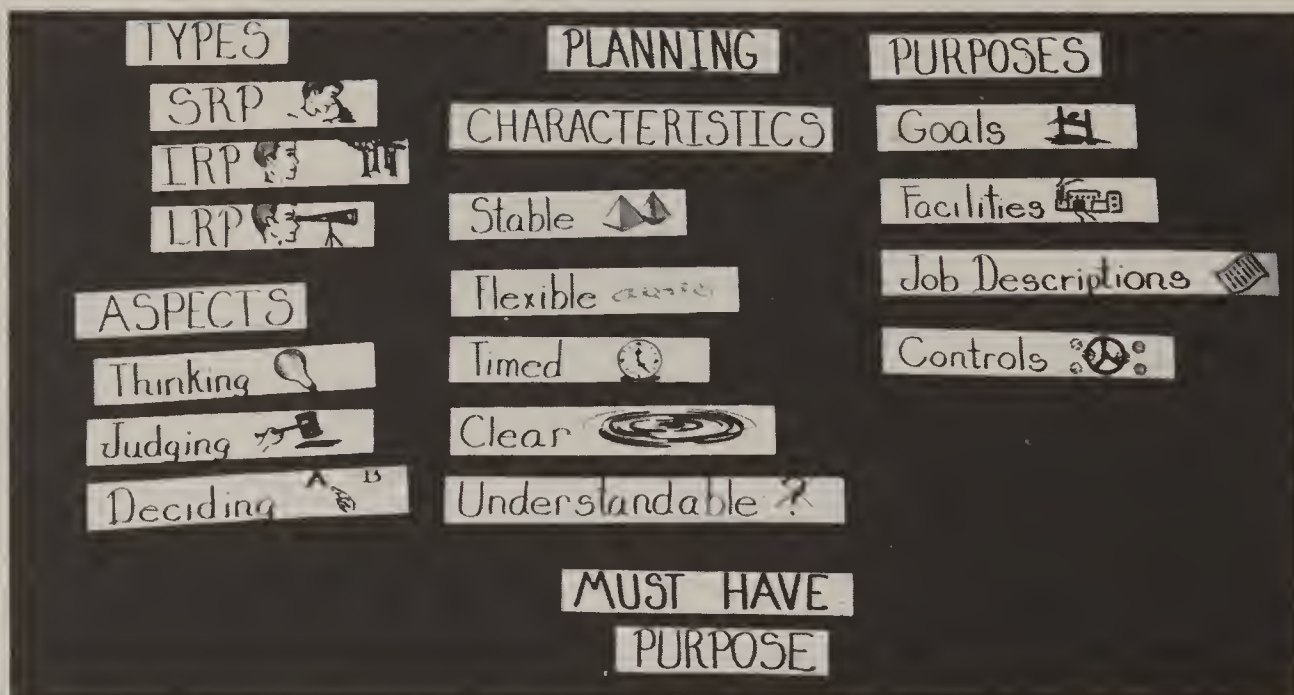
Is he managing when he outlines the type of accounts to be kept?

Is he managing when he keeps a record of important account sales?

Is he managing when he interviews a prospective employee for a key position?

Is he managing when he draws the rough design for a new facility addition?

1. Which is becoming the more important to modern management's efforts to increase productivity (net output)-- capital investments in machines or in personnel development? Why?
2. To what extent does the modern manager deal with sociological situations?
3. How do modern managers' values and objectives differ from the old type one man or family management operation?
4. How close is the analogy between good managers and good manners?
5. To what extent are heart, instinct, and intuition -- as contrasted with head and precise formula -- involved with the modern manager?
6. Why is a good leader sometimes a complete failure as a manager?
7. To increase modern management skill of individual managers, which are the more important:
 - (a) increased knowledge of the "how" of management work?
 - (b) increased knowledge of good personal characteristics?
 - (c) more information on what works and doing more of it?
 - (d) more information on the best climate and most essential elements?
 - (e) more information on what constitutes a down-to-earth approach?

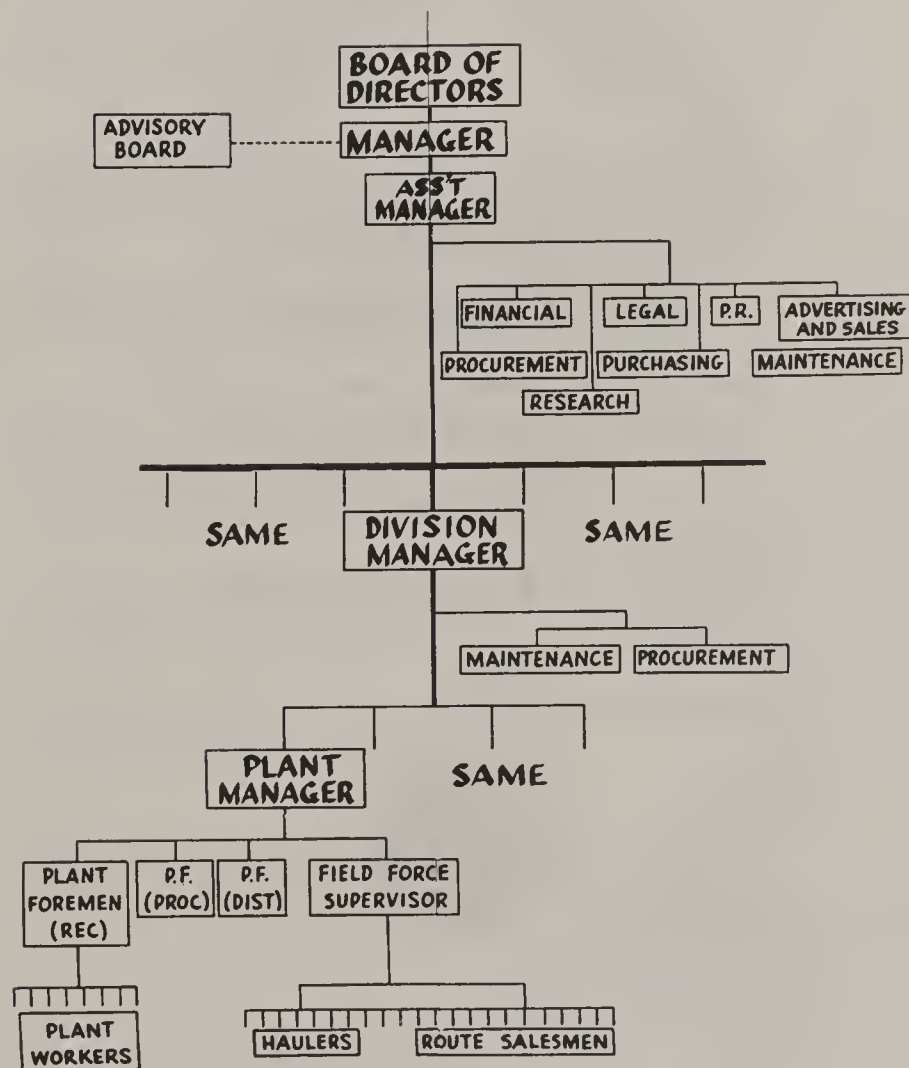


ORGANIZING IS

Grouping

Work

Objectives



DIRECTING IS

JANUARY 1980

1 RECOVER

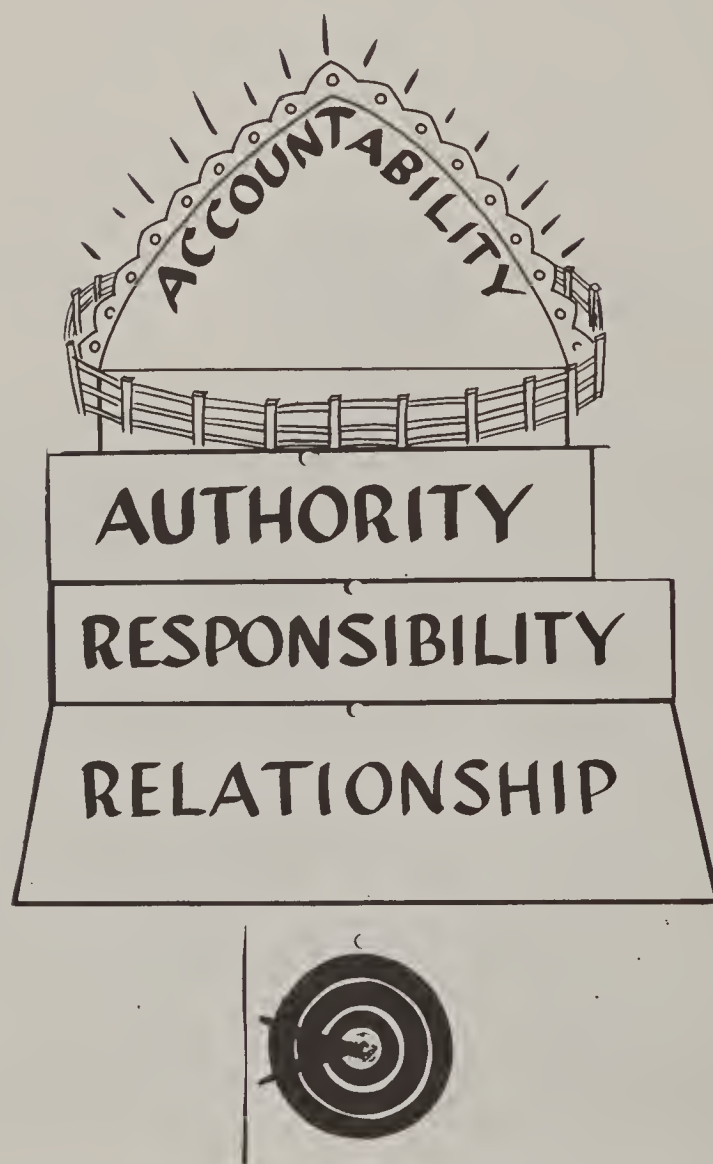
2 REFORM

3 REPEAT



PLANS


PROJECTS




COORDINATING IS





KNOW FIVE PURPOSES

Diagnose → 

Remember → 

Inform → 

Predict → 

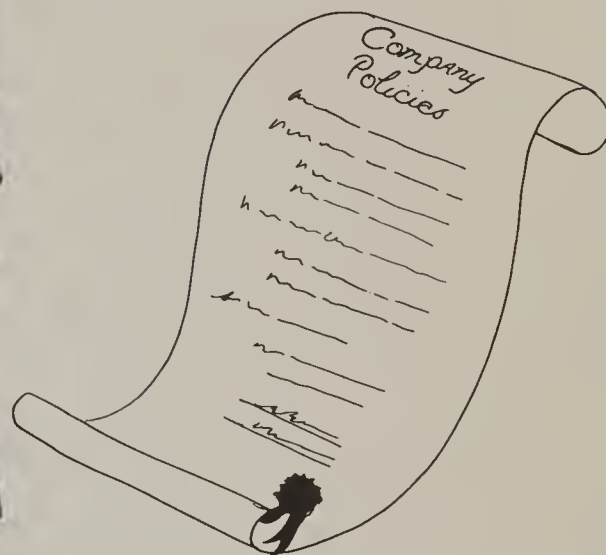
Prevent → 

Communicate



Objectives ^{AND} Goals

Establish ^{AND}



Carry Out Policies

Set

36"

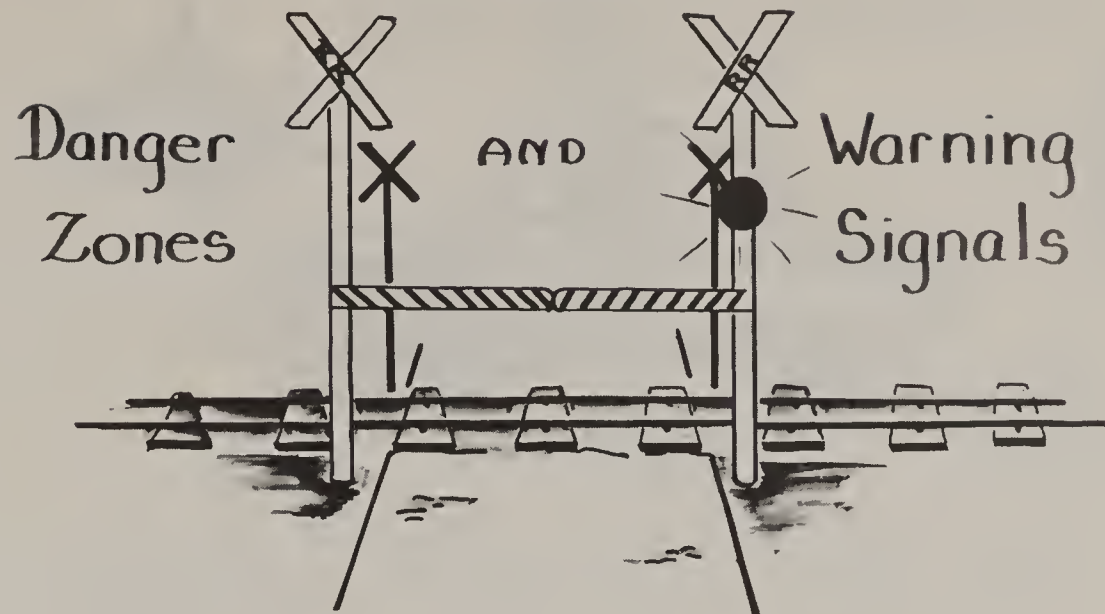
22"

36"



Specific
Standards

Establish



Manager

Time Lost Accidents	
Month	YEAR
_____	_____
_____	_____
_____	_____
_____	_____



Fix Responsibility

Require Records ^{AND} Reports



Annual
Report
Dec 15



THAT PREVENT SURPRISES AND REVEAL OPPORTUNITIES

Provide Training



In the Use of Controls

Reward Persons

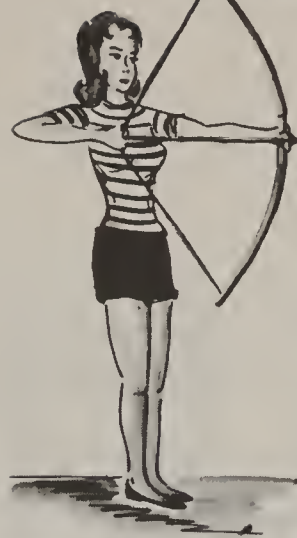


TAKING



Corrective Action

TARGET

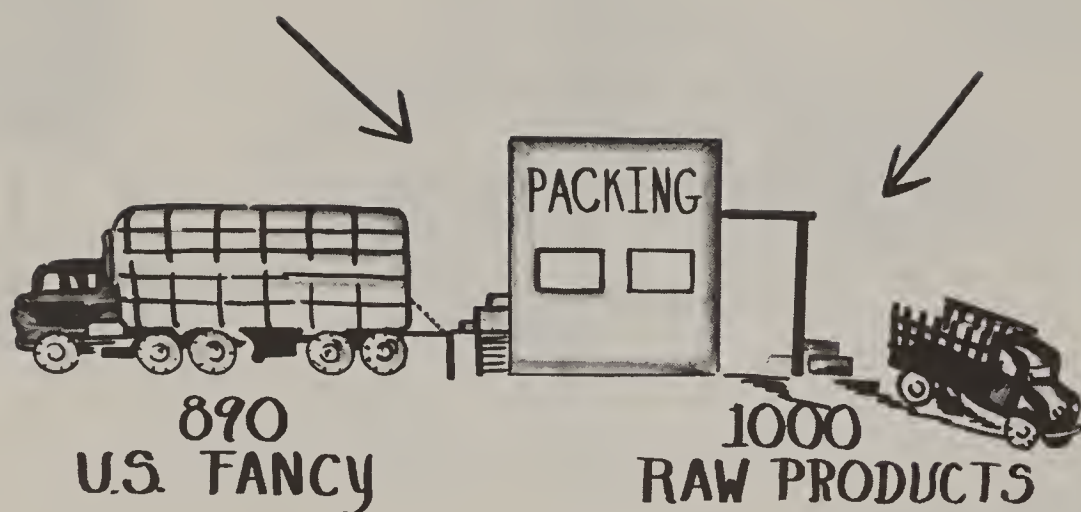


Comparing



Measuring





Establish Points Of Control



Fix Responsibility For
Meeting Standards

P THINK JUDGE DECIDE
O GROUPING WORK PEOPLE
D EXECUTE PLANS PROGRAMS
C INTEGRATION PEOPLE + WORK + ASSETS
C KPA KI STANDARDS

WHY?

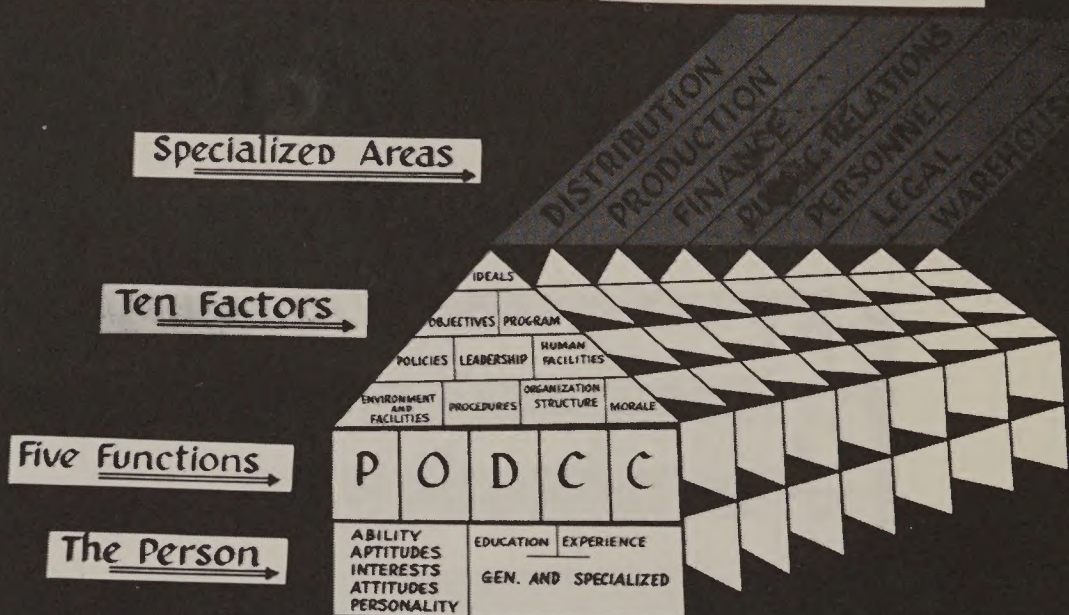
DECIDE

Success

Sound

Consistent

4 MAJOR WAYS OF LOOKING AT MANAGEMENT



Category	optimum	rating for excellence	analysis rating
Economic Function	400	300	400
Corporate Structure	500	375	375
Health of Earnings	600	450	450
Fairness to Stockholders	700	525	600
Research and Development	700	525	525
Directorate Analysis	900	675	625
Fiscal Policies	1100	825	1050
Production Efficiency	1300	975	1100
Sales Vigor	1400	1050	1300
Executive Evaluation	2400	1800	2000
Total Points	10,000	7,500	8,425

